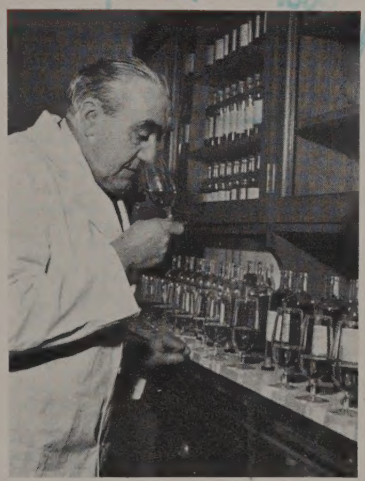
MARCH 31, 1956

foreign trade

NADA



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CANADA

foreign trade

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cover (Left to right): An African worker drills underground in a Johannesburg gold mine; a skilled British blender examines a sample of Scotch whisky; Ceylon women clear a plot for sowing rice; a Jamaican and his wife carry their fruit and vegetables to market; shearers remove heavy fleeces from Australian sheep. These varied activities typify the wide range of conditions and occupations within the British Commonwealth. For a full review, see pages 2 to 49.

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Canada's Trade with the Commonwealth

Canadian sales to Commonwealth rose by $158 million in 1955, reflecting improved conditions in many of these countries, some relaxations in import restrictions, and demand for raw materials for growing industries. Our exports to this area should continue to grow, but pattern may change.

R. B. NICKSON,
International Trade Relations Branch.

BRITISH COMMONWEALTH COUNTRIES constitute an exceptionally large and influential part of the world trading community. They carry on about 35 per cent of world trade and two of them, the United Kingdom and Canada, rank among the first four exporting countries in the world. Exports to other Commonwealth countries are important in Canada's trade: one indication of this is the fact that of our four largest markets for manufactured goods, three are in the Commonwealth—the United Kingdom, the British West Indies, and Australia.

Sales to Britain Increase

In the postwar period total Canadian exports have expanded steadily and sales to the Commonwealth have contributed to these higher levels of trade. These exports rose substantially in 1955; the table on page 3 shows that the increase in 1955 over 1954 totalled $158 million. It was widely distributed among Commonwealth countries although $116 million represented larger trade with the United Kingdom.

The other table on page 4 makes clear that the rise in sales to the United Kingdom resulted largely from bigger shipments of foodstuffs such as wheat and barley and other basic materials such as tobacco, newsprint, primary steel, chemicals, asbestos and, particularly, non-ferrous metals. The strong 1955 demand in Britain for imported goods, plus less stringent import restrictions, permitted the expansion of exports from Canada. The growth in exports to other Commonwealth countries was the result of larger shipments of a much wider variety of goods, not only raw materials but manufactured products as well.

Better Chance for Manufactured Goods

Traditionally, Canadian exports to Commonwealth countries other than the United Kingdom have included a substantial proportion of manufactured goods. This trade was built up during the years before the Second World War, largely under the aegis of the preferential tariff system. In recent years, however, import restrictions in these countries have hit Canadian exports of manufactured goods particularly hard so that the trade now consists of a much greater proportion of raw materials than it did before. The 1955 increase in Canadian exports to the Commonwealth other than the United Kingdom must be credited, to a considerable extent, to relaxations of import restrictions which took place in 1954 and during the early months of 1955. These relaxations are now presenting Canadian manufacturers with significantly greater opportunities in Commonwealth markets. As a result, manufactured goods are once again contributing a more important proportion of our total exports to Commonwealth countries. The fact that Canadian exporters were able to take advantage of the liberalization measures on a wide scale indicates the extent to which our manufacturers are able to compete with other world suppliers in Commonwealth markets.

Imports from Commonwealth Up

In 1955 Canadian *imports* from Commonwealth countries, especially from India, Australia, New Zealand and Malaya, also went up. This rise was based largely

on greater shipments of such products as jute, tea, bauxite and alumina, rubber, tin, wool and canned beef. Imports from the United Kingdom in 1955 were only slightly higher than in the previous year.

Financial Difficulties Arise

The reports in this issue of *Foreign Trade* reveal the generally high current levels of economic activity in Commonwealth countries. Wide-scale resource and industrial development is providing a broader base for the economies of many of them. In 1954 and 1955 the level of consumer spending increased substantially in the United Kingdom and in some other sterling area countries. This also made for generally buoyant economic conditions and in some countries led to an overfull employment of resources.

payments. In the United Kingdom the principal measures employed were the increasing of bank rates and the placing of other more direct restraints upon capital investment, consumer credit and government spending. In other countries similar programs were adopted.

The deterioration in the sterling area balance of payments in 1955 was reflected in the area's gold and dollar reserves. At the end of December 1954, these amounted to $2,762 million. At the end of December 1955, they totalled $2,120 million. It is, however, encouraging that in the first two months of 1956 the reserves have gone up by $90 million. The increase of $61 million in the month of February 1956 was greater than in any month since May 1954, and

Canadian Trade with the Commonwealth

Canadian Exports to:

$'000,000

	1955	*1954*	*1953*
United Kingdom	769	653	665
Australia	58	46	40
Union of South Africa	56	40	51
British West Indies (including Bermuda)	42	41	40
India	25	18	37
New Zealand	22	15	7
Hong Kong	7	8	9
Pakistan	6	9	32
Federation of Rhodesia and Nyasaland	4	4	2
Malta	4	3	3
Malaya and Singapore	3	3	3
British West Africa	3	4	3
Ceylon	3	3	3
Other British countries	4	1	3
Total Canadian exports to the Commonwealth	1,006	848	898
Total Canadian exports to all countries	4,282	3,881	4,117

Canadian Imports from:

$'000,000

	1955	*1954*	*1953*
United Kingdom	401	392	453
British West Indies (including Bermuda)	55	53	42
India	35	28	27
Australia	26	25	23
Malaya and Singapore	29	20	22
Ceylon	16	13	14
British East Africa	13	16	9
New Zealand	12	7	9
Union of South Africa	6	6	5
Hong Kong	6	4	4
Fiji	5	6	6
Other British countries	6	4	10
Total Canadian imports from the Commonwealth	610	574	624
Total Canadian imports from all countries	4,712	4,093	4,383

In these circumstances the demand for imports became especially strong and this led to the United Kingdom and a few other sterling area countries encountering renewed financial difficulties. It was significant and heartening that, in the face of these difficulties, Britain and most other sterling area countries did not resort to intensified quantitative restrictions to reduce imports. Except in Australia, where the financial problems were particularly severe, import restrictions were not increased. Even in Australia the increase in restrictions was applied equally to imports from soft and hard currency countries. The United Kingdom and other sterling area countries introduced a number of measures designed to bring their economies into better balance and thus to relieve the strain on the balance of

compares with a deficit in the same month of 1955 of $82 million.

Changes in Import Restrictions

In recent months the trend towards trade liberalization in British countries has slowed down considerably. Nevertheless, in 1955 a number of important relaxations of discriminatory restrictions were introduced. The United Kingdom added some products to the list of goods which are admitted without restriction from all countries and eased the restrictions on others through enlarged or new quotas or other more liberal licensing arrangements. In Australia, even in the midst of increased payments difficulties, a system of non-discriminatory import controls was brought in for the first time with the placing of eleven basic products,

many of which are important to Canada, under global quota. In the Union of South Africa some commodities, including lumber, were freed from import controls and a number of administrative relaxations made in the import control system. The Union of South Africa has since 1954 permitted imports on a non-discriminatory basis. In New Zealand a number of additional products were freed from import restrictions so that at present about 150 groups of products may be imported freely from all countries. In the Federation of Rhodesia and Nyasaland a considerable number of products have been added to the list of those which may be imported without restriction from all countries. In India discriminatory controls have been relaxed further. In the British colonies, notably the British West Indies, some restrictions were relaxed during the year.

Despite these various relaxations, however, the export opportunities for many Canadian products in British countries, and particularly for manufactured goods, are still severely limited by import restrictions. A summary of the current import controls on dollar goods in sterling area countries appears on page 46.

Effect of British Preference

The expansion of trade with the Commonwealth in 1955 was facilitated by the tariff preferences which Canada is granted in most of the major Commonwealth countries. Although many preferences have been reduced, or even eliminated, by the postwar tariff negotiations (particularly those under GATT), the preferential system continues to have a considerable effect upon the trade of the Commonwealth as a whole. In recent years import restrictions have decreased our exports to Commonwealth countries to such an extent that Canadian exporters have been able to take only limited advantage of the preferential tariff system. In 1955, however, relaxation of restrictions has permitted Canadian exporters to use these preferences to a greater extent.

Pattern Will Change

It is to be expected that the pattern of Canadian exports to the Commonwealth will undergo extensive changes in coming years. To some extent these will result from wide-scale industrialization going forward in Commonwealth countries at the present time. In addition, the changing structure of the Canadian economy will modify this trade.

For these reasons the pattern of our exports to Commonwealth countries either immediately before or immediately after the Second World War is no longer a satisfactory guide to trade possibilities which might arise under more liberal licensing arrangements. However, it is likely that our exports to the Commonwealth will continue to expand, and Canadian exporters will undoubtedly continue to find new and important opportunities in this area in coming years.●

Principal Canadian Exports to the Commonwealth

Products	1955 United Kingdom	1955 Other Commonwealth	1955 Total Commonwealth	1954 United Kingdom	1954 Other Commonwealth	1954 Total Commonwealth
		$'000,000			$'000,000	
Grains	200	15	215	170	19	189
Unmanufactured wood	84	33	117	80	25	105
Aluminum	99	9	108	75	9	84
Paper and products	37	25	62	31	19	50
Copper	53	6	59	47	3	50
Nickel	40	....	40	35	....	35
Manufactured wood	37	2	39	36	3	39
Vehicles and parts	.....	38	38	.....	24	24
Milled products	21	15	36	29	19	48
Chemicals	20	10	30	16	8	24
Tobacco	22	4	26	15	3	18
Zinc	20	1	21	17	1	18
Precious metals	15	....	15	18	....	18
Engines and boilers	1	14	15	.....	6	6
Other non-ferrous metals and products	8	6	14	6	4	10
Asbestos	10	3	13	7	3	10
Lead	13	....	13	11	....	11
Miscellaneous commodities	3	9	12	4	6	10
Canned fish	5	5	10	11	4	15

THE UNITED KINGDOM

The rise in Britain's adverse trade balance in '55 despite increased exports demanded action to curb domestic demand. But Canadian sales to U.K. reached postwar record of £343 million, partly as result of earlier liberalization measures.

T. M. BURNS, *Commercial Secretary, London.*

DURING 1955 the United Kingdom was engaged in the Battle of the Bulge. Inflationary pressures, noticeable towards the end of 1954, became more severe last year. Very full employment continued and at the end of December, despite the growth in the labour force, there were nearly two vacancies for every person unemployed. Industrial production increased by 4¾ per cent compared with 6½ per cent in 1954, but failed to keep pace with the rise in wage rates, up by 7 per cent. Wholesale prices increased 5 per cent and retail prices 6 per cent. An increase of 8½ per cent in exports, however, was more than offset by a 15 per cent jump in imports and the monthly adverse balance of trade rose to £72 million.

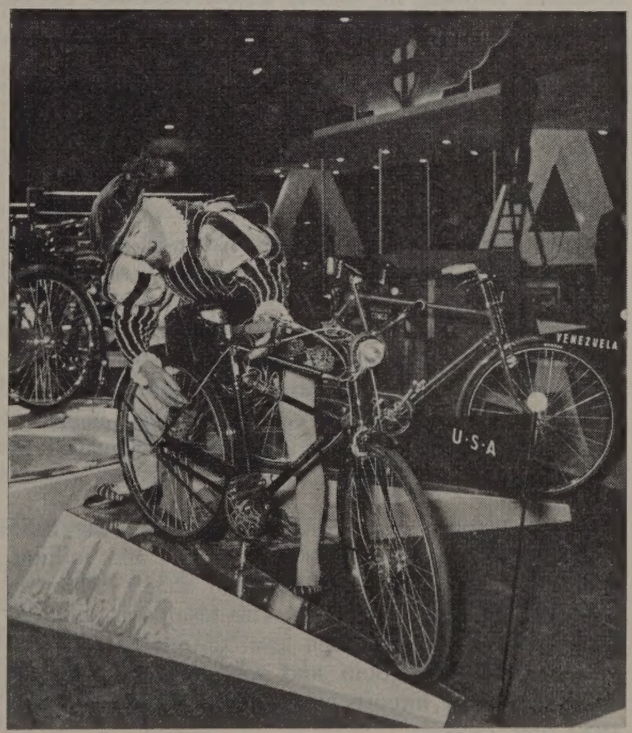
To cope with the effect of excessive demand on prices and on the trade balance, the Government has taken a number of measures designed to restrain the expansion of domestic demand. In these circumstances, the United Kingdom authorities did not feel able to make any great progress towards the further freeing of dollar imports.

Fiscal and Monetary Policy

One of the best measures of the difficulties facing the United Kingdom in 1955 was the drop in the gold and dollar reserves of the sterling area, which fell $650 million to $2,120 million at December 31st, their lowest level in nearly three years.

The British Government during 1955 undertook a series of measures designed to curb inflation, thereby reducing the great demand for imports and increasing the level of exports. The bank rate was raised in January and February, in two steps, from 3 per cent to 4½ per cent. In February and in July consumer credit restrictions were imposed. In July, the Government requested the commercial banks to reduce the level of their advances to customers. Finally, in October the Chancellor of the Exchequer presented a supplementary budget, increasing the incidence of the purchase tax and profits tax, and cutting government housing subsidies. At the end of the year these measures were not yet fully operative and not until later in the year will their effect be clearly seen. However, the preliminary trade figures for imports in January of this year suggested that the internal disequilibrium between supply and demand was persisting. As a result, the Government resolved to introduce further measures which are outlined in the last section of this report.

From the international standpoint and from Canada's point of view, it has been gratifying to see that Britain



—U.K. Information Office

Britain's enduring marriage of the traditional and the modern is shown in this picture, where "Sir Walter Raleigh" visits London's Cycle and Motorcycle Show and inspects a bicycle made especially for the Canadian and United States markets.

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refused to return to a pattern of physical controls on imports during 1955 to counter these inflationary tendencies. The decision to tackle excessive demand through monetary and credit devices will undoubtedly affect the volume of imports adversely, but this is a healthier and more flexible method of solving the problem than the use of physical controls.

External Trade Increases

In 1955, United Kingdom exports reached a record value of £3,024 million, up 8½ per cent over 1954. This rise, however, was overshadowed by the more rapid increase in imports, valued at £3,886 million, 15 per cent higher than in the previous year. As a result of this greater rise in imports, the adverse visible trade balance rose to £72 million per month compared with £50 million per month in 1954, thus reversing the trend of the deficit during the past three years.

The marked increase in imports was influenced principally by two factors: a rebuilding of industrial stocks of raw materials and the inability of basic industries, such as coal and steel, to satisfy the demands of British industry as a whole. In 1954, while industrial production rose by 6 per cent, the volume of imports increased only 2 per cent, largely because of fears that the United States recession would cause commodity prices to fall. In 1955, the process was reversed: imports, in volume terms, increased by 12 per cent and production rose less than 5 per cent. The steep rise in imports was chiefly concentrated in three basic commodities—coal, iron and steel. Together they accounted for one-quarter of the total increase of £512 million.

Trade with Dollar Area

United Kingdom exports to North America, disappointing in 1954 because of the recession that year, improved substantially in 1955 and reached £334 million, 15 per cent above the 1954 level. The United States remained the most important North American market for the United Kingdom, with shipments valued at £199 million, 24 per cent more than in 1954. United Kingdom shipments to Canada increased by 7 per cent to £145 million.

Canadian exports to the United Kingdom in 1955 reached the record postwar value of £343 million, up from £272 million in 1954 and £319 million in 1952, the previous peak year. This result was achieved largely because of the high level of internal demand in the United Kingdom and was facilitated by the liberalization of imports which took place mainly in 1953 and 1954.

The following table shows the increases in Canadian exports between 1954 and 1955, by broad commodity groupings:

	1954	*1955*
	(in £million)	
Cereals and cereal preparations	81·4	97·9
Non-ferrous base metals	59·7	81·7
Wood and wood products	36·5	45·3
Pulp, paper and their manufactures	25·9	30·4
Metalliferous ores and metal scrap	20·3	23·9
Other commodities	49·0	64·4

This rise in Canadian raw material exports to the United Kingdom corresponded with the rise in total British imports. Increased purchases of coal, iron and steel, non-ferrous metals, metal ores and scrap, timber, pulp and paper, rubber, cereals and feedstuffs accounted for about three-quarters of the total increase in imports of £512 million.

Production and Employment

United Kingdom production established new records in 1955, although the rate of growth slowed down in the later months of the year. In November, the index of industrial production stood at 144·5 (1948=100), a new record. Crude steel production rose by about 1¼ million tons to a peak 21 million tons. Motor car manufacturers produced nearly 900 thousand cars compared with 770 thousand in 1954. It is significant that, of the 130 thousand increase, 125 thousand were sold on the home market and exports rose by only 5,000 units. About 312 thousand houses were completed in 1955 against 348 thousand in 1954. At the end of the year the machine tool industry had orders on hand worth £95 million, more than 15 months' output at the current rate, although some fall in domestic orders occurred in the final months of 1955.

In November, civil employment reached a new high of 23·1 million, an increase of 290 thousand in the year. The latest figures show that 216 thousand were unemployed in December—41,000 less than in December 1954 and less than one per cent of the working population.

Preliminary figures indicate that wage rates rose about 7 per cent in 1955. Two serious strikes, on the railways and in the docks, made a substantial impact on the economy. At the end of the year, wage claims for 1956 totalling about £500 million a year had been put forward.

Trade and Economic Outlook

Summing up, the year 1955 saw a substantial fall in the gold and dollar reserves, a sharp increase in the demand for imports which boosted the adverse balance of trade to a high point, and an indication that wage rates were gaining more than productivity. The Government's measures invoked to combat the inflationary pressures in the country, though designed to strike at the fundamental problems, are slow-working and there was no clear evidence of their effect by the end of December.

The trade figures for January 1956 were disappointing, because the value of exports failed to register an appreciable increase. Other indicators, such as the level of prices, and the rate of increase in consumption and in bank advances, led the authorities to impose even stricter measures of control. On February 16th and 17th, therefore, the Government announced a further increase in the bank rate to 5½ per cent, further controls on consumer credit, a reduction in bread and milk subsidies, and a program designed to reduce investment expenditure by both Government and industry.

It has been indicated that further measures of dollar liberalization will not be undertaken until the necessary conditions for progress have enabled the Government to move again towards freer trade and payments. As in 1955, Canada's exports to the United Kingdom during the present year will depend largely on the level of business activity in Britain.

NORTHERN IRELAND

Shipbuilding and certain branches of textile industry in sound position, but linen industry finds conditions difficult. Drive to attract new enterprises and cut down unemployment is gathering momentum. Canadian share of this market growing.

T. G. MAJOR, *Trade Commissioner, Belfast.*

THE ECONOMY OF NORTHERN IRELAND continues in a state of transition, not only in agriculture but also in the industrial field. In 1955 the tillage area dropped again by some 7 per cent and cattle production by 4 per cent; pig raising now has reached the point where the province produces about 20 per cent of the total United Kingdom output of bacon. It is estimated that livestock and other farm produce shipped in 1955 had a total value of about £47·5 million. Eggs accounted for £13·1 million, bacon and ham £12·5 million, fat cattle £6·7 million, manufactured milk £3·3 million, and canned foods £2·6 million. The only tillage crop which entered into the picture was potatoes, with a total value for export of about £2·9 million.

In the industrial field the significant trend away from dependence on linen and shipbuilding continues. The cost of transport of raw materials and fuel from Great Britain and of carrying the finished products back tends to restrict the type of industry which can operate economically in Northern Ireland. Nevertheless, the non-linen branches of the textile industry are growing. There are four main groups—the woollen, cotton, synthetic fibre, and textile finishing industries. Rayon yarn now is being produced at Carrickfergus for a new tire factory at Londonderry. Three nylon hosiery factories already in operation are to be supplemented by a fourth this year and one of the three is going in for the manufacture of nylon underwear. The clothing industry is turning out a full range of supplies for the armed services, and is making protective clothing such as boiler suits, warehouse coats and nurses' uniforms from Lancashire cotton, often bought in the loom state and thus providing work for local dyers and finishers as well. The output value of the carpet industry now is estimated at over £1·3 million a year.

Problems in Linen Industry

The linen industry itself is having a difficult time, especially with exports. In the British market, the position was brighter as a result of the complete removal of the purchase tax on piece goods and household articles. The long spell of fine weather during the summer helped matters by attracting tourists with money to spend and also by creating a good demand for lightweight summer clothing. The industry has, however, to face the problem of overseas markets restricted by balance of payments difficulties and pro-

66011—2½

Exporting to Northern Ireland

- *For fiscal purposes Great Britain and Northern Ireland form a single unit. In shipping to this territory, therefore, Canadian exporters should observe all the United Kingdom Customs regulations, including those governing claims to British preference and the marking of imported goods.*

- *A direct freight service operates between Belfast and the principal ports on Canada's eastern seaboard.*

- *Where possible, prices should be quoted c.i.f. Belfast and in sterling.*

- *Quotations should be accompanied by the fullest possible description of the goods, and if feasible, actual samples or an illustrated brochure or leaflet.*

- *In the case of agency inquiries, details should be given about terms of commission and contract, etc.*

tective quotas, and of competition from the newer synthetic fibres.

The shipbuilding and its auxiliary aircraft industry entered the new year in a sound position. Ship tonnage under construction—eleven steamships and twelve motor ships totalling 270,130 tons—is one of the largest on record. Also under contract are diesel engines for hulls being constructed elsewhere in the United Kingdom and for diesel engine sets for land installations, and also gas and air compressors. The aircraft industry now employs 8,300 workers and has in hand orders for twenty *Britannia* aircraft of two types.

Economic Problems Attacked

The Northern Ireland Industrial Council at the turn of the year was actively tackling the problem of solving the unemployment and other economic difficulties of the province. At the time of writing it is not easy to assess the probable effectiveness of its efforts, as it has been functioning actively for only a couple of months. The first move has been a drive to attract suitable industries, with the emphasis on those which can fit into the special conditions of labour and transport. This campaign now is in progress in Great Britain but is to be extended shortly to the United States with a visit by the Chairman, Lord Chandos, whose own company, British Thompson Houston, now is building a huge turbine plant at Larne, Co. Antrim.

The Government continues its aid-to-industry program outlined in previous articles. The harbour authoritie are attacking the problem of transportation costs b extensive improvements in the facilities at Belfas Londonderry and elsewhere. New larger and faste steamers for the routes between the province an Great Britain are under construction. The railwa systems are being re-organized and long-range plan laid for road construction to meet the needs of expand ing industry. The Government in February of thi year announced its intention of going into the produc tion of electric power from atomic energy, as a mean of overcoming the increasing cost of coal for industria power purposes.

Unemployment Still Problem

While a tremendous drive is under way to develop better balanced economy capable in the long term o dealing with a growing population, the short-ter situation continues to be difficult. Unemployment i down from the 1954 level but stood at over 30,00 at the close of 1955. Unfortunately, many of thes are men living in areas where it is not easy to develo new work quickly. Another uncertainty now is th effect of the restrictions on capital investment an consumer buying on the industrial expansion progra and on the local industries dependent on the loca market. It is not clear what the impact will be although fortunately the shipbuilding industry has bee exempted from the capital restrictions.

Canada's Share in Trade

The Canadian share of the Northern Ireland marke continues to be a growing one although only 195 figures are available. Douglas fir, hemlock and spruce and maple and birch flooring moved in satisfactor volume for the building trades. Materials for industr include Douglas fir plywood for shipbuilding, and lea tobacco. The further reduction in the tillage crop has meant a larger demand for animal feedingstuff of Canadian origin. Under the U.K. Token Impor Scheme and import quotas, Canadian fresh apples canned salmon, canned fruits, cheese, nylon hosiery men's underwear, photographic materials and key blanks appeared in the Northern Ireland market. Cana dian flour continues to be an important part of th trade but the market is highly competitive. Short-ter prospects for Canadian commodities in the Norther Ireland market will depend to a great extent on wha happens in the industrial and residential constructio field and on the indirect effects of the credit squeeze o general consumer purchasing power. It is quite pos sible that the combined effect of the increased ban rate and the restrictions on capital investment an consumer credit may not be as severe in Norther Ireland as in other parts of the United Kingdom.●

SOUTH AFRICA

Pace of development has slowed and flow of investment capital from abroad slackened, but 1955 good year for Union. Import controls relaxed slightly for 1956; dollar and sterling area suppliers receive equal treatment. Canadian exporters should find this market a challenging one.

KENNETH F. NOBLE,
Trade Commissioner, Johannesburg.

THE MINISTER OF ECONOMIC AFFAIRS recently summarized the economic situation in the Union neatly when he said:

> "There is every indication that 1955 will be remembered in the history of South Africa as one of the country's most prosperous years."

He went on to comment:

> "It is true that the tempo of development in expansion is no longer as rapid as it has been but this slowing-down process merely tends to bring developments into line with our production materials, of which there is a scarcity."

In both the private and public sectors of the economy emphasis has been on production rather than on continued spending on capital account. Capital outlay of earlier years has become increasingly important in assuring the country of the products it requires, and in establishing a state of economic well-being in which agriculture, mining, industry and commerce share.

Capital Inflow Declines

Gross national income, in its continuing rise, passed £1,700 million in the year ending June 30 after a twelve months' increase of 8·6 per cent. Since 1940 industry has experienced an increase in net income of 158 per cent; agriculture, of 141 per cent; commerce, 80 per cent; the mining industry, 10 per cent.

Investment from abroad is not only a major element in the development of the Union, but also influences the balance of payments with an averaged contribution of £46·7 million a year from 1949 to 1954. During 1955 capital inflow faltered, reaching only £2 million in the first nine months of the year. In examining the decline, the Association of Chambers of Commerce estimated that a deficit in the Union's international account in the sum of £20 million could be met only from capital inflow. However, the Chamber was unable to foresee the possibility of such a sum or any substantial portion of it.

On December 31 the foreign credit holdings of the Reserve Bank, after declining by £19 million during the twelve months, totalled £129 million.

Import Control Continues

The 1955 decline in new investment funds from abroad and the increasing pressure on the exchange reserves suggest that import controls are not likely to disappear in the near future. Some of the restrictions were relaxed during 1955, because additional credits sufficient to finance an import increase of £30 million were expected. During the seven months of 1955 for which statistics are available, the increase in imports reached £16·9 million and the total, £205·1 million. Happily, exports also increased by £13·4 million to reach £279·6 million. (The effect of the control measures on our exports to South Africa is discussed in the section on trade with Canada.)

Mining Expands

• *Gold and Uranium*—Gold winnings contributed £18·2 million and rapidly increasing uranium recoveries possibly £25 million to the international funds of the Union and more than offset the smaller inflow of investment capital.

Earnings from uranium have aided the gold industry, caught between mounting costs and a fixed selling price. Marginal units have continued in business, producing mines have expanded operations, and new mines have been brought into production at an accelerated rate. Bullion winnings for the year totalled 14·6 million ounces valued at £182 million.

• *Other Minerals*—Sales of minerals other than gold, prescribed radioactive materials, and diamonds totalled £40·8 million during the first three quarters of 1955, an increase of 10 per cent. There are indications,

however, that record sales will be achieved during the full year.

Agriculture's Position Sound

Agricultural and pastoral production in the Union has remained sound, even though some of the buoyancy that characterized agricultural enterprise in the earlier postwar years has disappeared. Government agencies, co-operative societies and individual farmers are recognizing the need for more efficient operations. A lower cost of production is increasingly important as larger surpluses are appearing for sale at international prices.

Government Companies

Government-sponsored and financed public companies are now bringing concrete benefits to the Union and justifying their claim to financial support in the postwar years. ISCOR (South African Iron and Steel Industrial Corporation Ltd.) is currently supplying 80 per cent of the Union's steel requirements—saving the Union £51 million a year in foreign exchange and contributing a direct saving of £18 million a year through lower costs to industry. Further expansion, including the building of a third plant, has been announced. ESCOM (Electricity Supply Commission) expansion has involved the spending of over £100 million and in the seven years since 1948, production of power has increased by 79 per cent. Further capital will be needed for a number of years but the bottleneck in power supply is being eliminated and much of the urgency in spending will disappear by 1957. SASOL (South African Coal, Oil and Gas Corporation), on which £40 million has been spent, is now reaching production and will supply one-fifth of the Union's gasoline needs at a substantial saving in foreign exchange. SAICCOR (South African Industrial Cellulose Corporation Ltd.), built at a cost of £8·5 million, has made its first shipment of rayon pulp and has an export target of £3 million a year. FOSKOR (Phosphate Development Corporation (Pty.) Ltd.) is already in production and will eventually supply the 400 thousand tons of phosphate fertilizers imported each year.

More money is available for spending on transportation improvements. A ten-year transport program involving the spending of £300 million ended on December 31, 1955, with a record expenditure of £63 million during the year. A new five-year program involving an additional £200 million has been announced, with provision for £66 million to be spent in 1956.

Tariff Review Proceeding

The Board of Trade and Industries, which is constituted to provide tariff amendments where required, has received a wide range of applications from domestic industries which foresee an eventual lifting of import control. The Board has received about 250 applications during the past two years and has examined about 60 per cent of these. Only about one-third of the completed reports have granted tariff aid and this has frequently been lower than the requested increase.

The Board of Trade's treatment of tariff applications shows that the country is not heavily protectionist. Published findings emphasize greater efficiency to improve the competitive position of domestic industries, rather than advancing the price of imported products through raising rates of duty.

Trade with Canada

The South African market presents a unique challenge to Canadian exporters, because the Union's import licensing system does not discriminate between dollar and sterling sources of supply. If Canadian business firms can offer goods which are competitive in price, quality and delivery date, they stand a good chance of obtaining a share of this market.

Some of South Africa's import restrictions were relaxed during 1955 and the Union plans to remove them all eventually. The outlook for 1956 is for preliminary import quotas to be much the same as those for 1955. Later in the year importers may receive supplementary quotas if the Union's foreign exchange position warrants it.

Canadian exporters should bear in mind that the South African import control system favours imports of such essential goods as lumber, milled steel products, industrial raw materials, consumable stores and maintenance spares, industrial machinery, and certain textile piece goods. However, consumer goods are again being allowed entry in limited quantities and retail stores are displaying many imported consumer products which have not been seen for several years.

Exports from Canada Climb

During the first nine months of 1955, Canada's exports to South Africa climbed to over $48·7 million, an increase of nearly 50 per cent over the same period in 1954. Wheat was the principal commodity, with shipments valued at $9·1 million. Other leading exports were planks and boards of Douglas fir ($6·5 million), passenger automobiles ($5·2 million), newsprint ($3·1 million), trucks ($2·7 million), planks and boards of hemlock ($2·7 million), motor vehicle parts ($2·2 million), and railway cars, coaches and parts ($2·0 million). In addition, during the year Canadian firms reported interesting new business in South Africa in a wide variety of lesser commodities, including wood pulp, brake linings, elastic fabrics, chemicals, electric stoves, plastic sheetings, laminated plastic board, leather, bicycle pumps, clothing, citric acid, canned fish, jelly powder and whisky.

Canada's imports from South Africa for the nine months were valued at a mere 10 per cent of exports to that market. This imbalance in Canadian trade with South Africa has persisted for the past twenty years. The principal products imported during the first nine months of 1955 were peanuts, valued at $1·0 million; diamonds $·9 million; wool, washed or scoured $·6 million; mineral substances n.o.p. $·4 million; raw sugar $·4 million; wines $·2 million; brandy $·2 million; wool tops $·1 million; and wattle extract $·1 million.

The year 1955 ends the postwar decade in which South Africa has changed from a farming and mining country to one with diversified activities in industry, commerce, farming and mining. The outlook for 1956 is best summed up by the Governor of the Reserve Bank who, in a year-end examination of trends, remarked:

> "The economic outlook in the Union is fairly promising, though increased world competition and the possible continuance of tendencies toward lower international prices for primary commodities will have to be closely watched."

FEDERATION OF RHODESIA AND NYASALAND

Federation's second year brought surplus in balance of payments, record income from copper and tobacco, and start on important Kariba power project. Other development plans, plus relaxation in restrictions on dollar imports, mean greater opportunities for Canadian traders in this expanding area.

W. J. MILLYARD, *Trade Commissioner, Salisbury.*

IN THE SECOND FULL YEAR of its existence, the Federation of Rhodesia and Nyasaland enjoyed a high level of prosperity for the twelve months ended December 31, 1955. Unemployment was low, industrial relations were good, retail sales broke all records, the building trade was booming, agriculture was in a healthy state, substantial highway improvements were effected, and rail service was extended and improved.

Formed in September 1953 from the three separate but contiguous British territories of Northern Rhodesia, Southern Rhodesia and Nyasaland with the purpose of establishing a stronger political and economic unit, the Federation appears to be at least fulfilling the latter aim. A number of facts support this opinon. For example, the balance of payments showed an estimated surplus of £3 million for 1955 compared with a £16 million deficit in 1954. Holdings of external assets rose from £130 million at September 30, 1954, to £148 million at September 30, 1955. Money in circulation increased from £98·2 million at December 31, 1954, to £109·7 million at September 30, 1955, and domestic savings increased steadily during the same period.

Mainstays of the Economy

Spearheading the forward drive of the economy are two commodities—copper and tobacco. Copper from Northern Rhodesia and tobacco, mostly from Southern Rhodesia, were responsible for £100 million (69 per cent) of total exports of £143·7 million in 1954, and 1955 saw both achieve record income. In 1955 the price of copper reached almost £400 per ton and from the year's production, estimated to be worth £110 million, the Federal Government is expected to garner £20 million in income taxes, roughly half the federal budget for 1955-56. The Federation is now the world's second largest copper producer and sup-

plies one-eighth of the world's tobacco exports. Other minerals such as chrome, asbestos and lithium are being produced in increasing quantities and the future of the mining industry appears bright.

Drive for Secondary Industries

Both industry and government, however, recognize that it is not healthy to have so many economic eggs in one basket and an all-out drive to attract outside capital for secondary industry has developed. It is true that in 1955 a total of 880 new companies were registered with a combined capital of £12·6 million, but of these only 170 (£2·2 million capital) represented secondary industries. Toward the end of the year two emissaries were dispatched, one to the Union of South Africa and the other to Britain, to speak to financial and industrial groups on the industrial opportunities which the Federation offers. It is hoped that their efforts will meet with success.

The Ministry of Commerce and Industry recently set up an Industrial Development and Research Branch to study the best means of exploiting the country's raw materials and to prepare suitable literature on the potentialities of the Federation. Even the big mining groups recognize the desirability of a more diversified economy and two of them have organized development companies to invest in promising industrial and agricultural projects.

Kariba Dam Project

One of the weakest points in the Federation's economy is the shortage of power and especially cheap power. Most of the electrical energy has to be generated by coal from the Wankie collieries in Southern Rhodesia and this involves a rail haul of 500 miles to Salisbury and equally as far to the copper mines of Northern Rhodesia. Not only does this put an additional strain on the overburdened railway system but it results in very expensive electricity. The expanding Copperbelt, faced with coal shortages, has arranged to buy hydro-electric power from the nearby Belgian Congo and the lines are already installed. This is only a temporary solution, for by 1960 the Congo reckons it will need all its own power.

The real answer is cheap hydro-electric power produced right in the Federation and fortunately the natural facilities exist in the Kariba Gorge on the Zambesi River, separating Northern and Southern Rhodesia. Work began on this vast scheme last July. The first contracts for the installation of cofferdams and diversion tunnels were awarded in a matter of weeks and by the end of the year the work accomplished was slightly ahead of schedule. The 370-foot-high dam and first power station when completed will furnish 450 megawatts of power and eventually, when more generating plants are installed, 1,000 megawatts at 74 per cent load factor will be available. The cost of completing the dam to the 450-megawatt stage is reckoned at £79·4 million and when all the generators are installed, £113·2 million. This is far more money than the infant Federation can raise within its borders but the International Bank in Washington has approved the project and is expected to advance £30 million by mid-1956. The remainder will be furnished by the Colonial Development Corporation and private investors. Power is expected to flow by 1960. Contracts for all the electrical installations will be awarded by tender and a number of interested Canadian manufacturers have already been invited to prepare bids.

Economic Development Programs

The Federation has only 225 thousand white population in contrast to 6½ million Africans and in an effort to bring about a somewhat better balance, the Government is encouraging immigration. About 20,000 settlers a year are arriving—in Canada the comparable rate would be over one million immigrants a year instead of the postwar average of about 150 thousand. This program puts a heavy strain on the country and a number of economic development plans, both Federal and Territorial, have been announced. They are primarily designed to provide the essential services which a developing economy requires and the federal plan for 1955-59 calls for an outlay of £63·3 million, of which the largest portion, £26·3 million, is for railway development. Other items of note are roads £6·4 million, posts and telegraphs £3·4 million, electrical projects exclusive of Kariba £5·8 million, and health and education £11 million. The Government hopes to finance the plan largely from loans abroad and in October 1955 a £10 million debenture issue was floated in London. The Minister of Finance has also been in touch with a large Canadian financial group in connection with a loan similar to the $15 million Canada raised for Australia in 1955; the matter is still pending.

Nyasaland, the smallest of the Federation's component territories, is the richest area for mixed agriculture and it is also the most densely populated. So far, aside from tea, there has been relatively little effort to exploit the vast agricultural potential or to build up industries. This situation is about to change and the Shire Valley scheme will begin in April. It is a gigantic ten-year project for electrification, land reclamation and irrigation which it is estimated will cost £80 million. The first step is a relatively modest one—£60,000 for an earth dam at Liwonde on the Shire River.

Railroad Equipment Required

Although the carrying capacity of the Rhodesian Railways has been doubled since 1945 it has had a terrific task in keeping up with the growing demands. Rolling

stock, locomotives and maintenance equipment are all in short supply and this month the Federal Minister of Transport, Sir Roy Welensky, left for a six-week tour of the United States and Canada. He will discuss his problems with railway executives and producers of railway equipment and, if he is sufficiently impressed, is prepared to recommend that orders be placed. The dollars are readily available and the purchases provided for under the Development Plan.

Tips on Trading with the Federation and British East Africa

1. *Canadian companies should appoint representatives resident in the Federation and East Africa for each of these areas. In the past it has frequently been the practice to give an agent in the Union of South Africa virtually all the territory south of the Sahara. Such a practice is ill-advised; it is like a British firm appointing an agent in New Mexico to cover the United States and Canada. Unless the Union representatives have their own branches in the Federation and East Africa, Canadian firms are not getting the most out of the market. In fact, itinerant Union commercial travellers are resented and sub-agents on split commissions are never very satisfactory.*

2. *Keep local representatives up-to-date by sending them prices and catalogues by airmail. Surface mail takes two months to arrive and is a waste of valuable time. Samples should also be sent wherever possible and if the need is urgent, use air freight, not air parcel post, which is slower and just as expensive.*

3. *Wherever possible quote both f.o.b. and c.i.f. prices —Beira or Lourenço Marques for the Federation. A monthly shipping service is maintained from the Canadian East Coast for which Kerr Steamships, 455 St. John Street, Montreal, are the agents; they can give prices. There are several lines from the Pacific Coast and it is not difficult to obtain information on shipping rates. Dollar quotations are satisfactory, but if possible, give approximate sterling equivalent.*

4. *After July 1st, when the new Salisbury airport opens, the air service to and from Africa will be excellent. Canadian firms should become Africa-conscious and have their representatives extend their European tours to include it.*

5. *Many importers use the services of old-established foreign shipping houses who guarantee payment, usually by letter of credit. But where this is not the case and the customer has a good credit rating, it will help to grant credit terms. If a special discount is offered where letters of credit are involved, it is also a help to a client in this very competitive market.*

6. *Because Britain and South Africa, two formidable competitors, are both nearer to this market, Canadian exporters must shave their prices to the bone if they expect to compete.*

7. *People here are always looking for a bargain and it is a good market for any manufacturer who may wish to dispose of seconds, provided they are in reasonably good condition.*

On July 1, 1955, the first federal tariff replacing the three territorial tariffs (Northern and Southern Rhodesia and Nyasaland) was published, as well as the terms of the new four-year trade treaty with the Union of South Africa. Previously the Rhodesias had operated on virtually a customs union basis in trading relations with the Union. Under this arrangement, if Union goods did not enter duty-free, the applicable duties were suspended. The Union Government in its turn used to make periodic fiscal payments based on the volume of trade, which in effect amounted to subsidizing its goods in the Rhodesian market.

Under the new treaty the Union lost this favoured position and most of its products were placed in the same column as those from Britain. Duties are generally lower than the Commonwealth column under which Canadian goods fall, although for certain items the Union received a 10 per cent preference over the British rate. Hence the new Federal tariff had to make provision for the revised trading terms with the Union, as well as give full consideration to international obligations under the GATT and the maintenance of Empire preferences. To accomplish this, and to arrange rates that would be a reasonable compromise vis-à-vis the old territorial rates, was a delicate task but all in all the new Federal tariff is a commendable bit of work. The main items of Canadian trade retain their same degree of Empire preference, although a few smaller items are less favourably placed in competition with OEEC countries. However, it is possible that some revisions may be arranged in 1956.

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Actually, in the past 18 months active measures have been taken to remove import restrictions on a wide range of dollar goods. The currency of the Federation is linked to the British pound sterling and backed by balances held in London, but through its exports of metals to the United States and Canada, the Federation is a net dollar earner. For this reason the Federal authorities have been in a position to make some substantial concessions. As from January 1, 1956, another 497 tariff items or sub-items were added to the unrestricted list, making a total of 612 items out of 720 now permitted entry from the dollar countries. In general terms, products admitted from dollar sources are those which will be used in manufacture or of a type difficult to obtain from non-dollar sources (e.g., canned salmon). Imports from the hard currency area of products being made in good quantity in the Federation (e.g., clothing) or else readily available from non-dollar sources (toys, canned meats, canned fruits and vegetables, builders' hardware) are all prohibited. Nevertheless, largely as a result of the liberalization of 115 items, from January 1, 1955, Canada's exports to the Federation ($3·9 million for year 1954) for the first ten months of 1955 showed a 25 per cent increase over the same period in 1954 and, following the extensive relaxations from January 1, 1956, the increase is expected to continue. The Government of the Federation reviews its dollar position every six months and provided the relaxations now in effect do not make too great inroads and the net dollar earnings remain satisfactory, the process of relaxation may continue.

Canadian Trade Prospects

Two countries dominate all others in the trade of the Federation—the United Kingdom and South Africa. In 1954, of total imports worth £125,289,525 Great Britain supplied 42·7 per cent and South Africa 34·7 per cent. Because of preferential tariff rates, proximity, and established trademarks, this pattern is not likely to alter appreciably. Nevertheless the Federation is forging ahead at a rapid pace and will provide an expanding market for all trading nations. There is no indication that copper and tobacco prices are in danger of an early slump and as long as these maintain high levels, the economic position of the country is sound. Substantial amounts of outside capital seem likely to enter the Federation for development projects and these will have a direct impact on the economy. Incidentally, considerable Canadian capital is now invested in the Federation's mining industry with a good chance of more to follow.

Even if no further relaxations of dollar purchases are effected, (although there is no reason to believe more will not be forthcoming) there is plenty of scope to extend the sale of Canadian goods within the present framework. Although European immigration is being promoted on a large scale, the white population of less than one-quarter million is just a speck compared with the 6½ million Africans. It is with the latter that the real purchasing power and market lies.

The present government is committed to a policy of racial "partnership" which implies raising the standard of living and education of the African even if the extent of the effort is not clearly defined. Any rise in the living standard has a tremendous effect on the purchasing power and there is no doubt that the African is advancing. Contrary to popular concepts abroad, he is a discriminating buyer who wants good merchandise in an ever increasing variety. Canadian exporters may expect to find a growing percentage of their goods finding their way into African hands, either in the form in which they are shipped or as the partial content of products manufactured in the Federation.

In the field of capital goods for factories, railways, mines, electrification and irrigation projects, the scope for Canadian merchandise is only limited by the ability of Canadian companies to compete in price and delivery. It is a big and growing country and merits the close attention of all Canadian manufacturers of such products interested in expanding their export business.

Central Bank for Federation

A bill providing for the establishment of a Bank of Rhodesia and Nyasaland was published in Salisbury on February 10 and Parliament is expected to pass it in the near future. The new Bank will be responsible for regulating the monetary system of the Federation and will issue £1 million of capital stock to the Government. In return, it will take over the assets and liabilities of the Central Africa Currency Fund and Currency Board and these bodies will cease to exist. It is hoped that the Bank of Rhodesia and Nyasaland will be formally inaugurated by the end of 1956.

The Bill provides for the repeal of the existing federal coinage and currency legislation and the Bank will be empowered to issue federal banknotes. At present Southern Rhodesian notes are legal tender in all three territories of the Federation. The new federal currency will continue to be linked to the British pound sterling at a fixed parity of exchange, and backed by balances held in London.

The Bank of Rhodesia and Nyasaland will act as banker to the Federal Government and to any of the Territorial Governments which asks it to do so.

BRITISH EAST AFRICA

Three territories that make up British East Africa have rich agricultural and mining resources still awaiting development. Opportunities good for Canadian capital investment and for sales of Canadian products, when rigid restrictions on dollar imports can be relaxed. Canadian traders should maintain contact with agents, against day when market opens up.

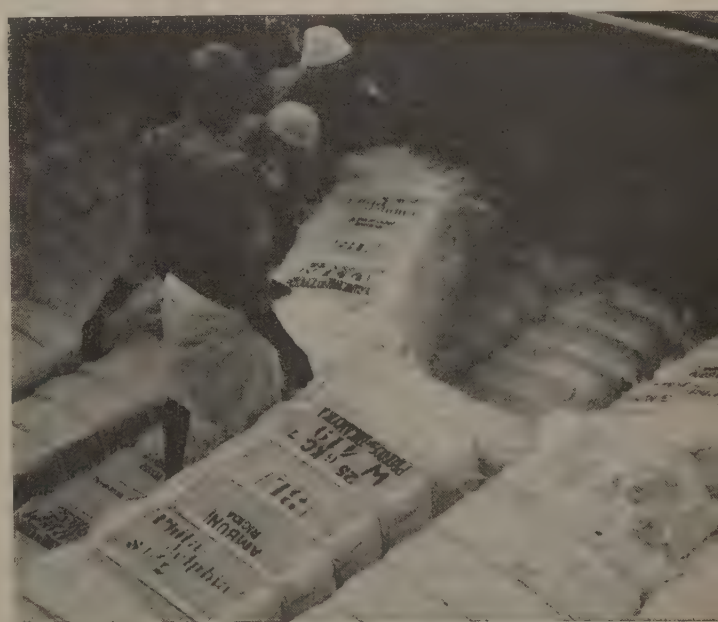
W. J. MILLYARD, *Trade Commissioner, Salisbury.*

BRITISH EAST AFRICA is the general term used to describe the three large adjoining territories—Kenya, Tanganyika, and Uganda—on the eastern side of the continent of Africa. The first is a Colony, the second a United Nations Protectorate administered by Britain, and the third a British protectorate. They cover about 678 thousand miles, an area only slightly smaller than Alberta, Saskatchewan and Manitoba combined.

A High Commission in Nairobi administers a few federal portfolios on behalf of all three but aside from that, they are decentralized and independent of one another. Each has its own Governor and Council and Colonial Office administrative service. All are in different stages of African advancement, with Uganda in the lead. East African notes backed by the Bank of England are legal tender in all three. Each has its own dollar allocation worked out annually in conjunction with the British Treasury but all have roughly the same criteria for approving applications for dollar import permits—first, are the goods essential, and second, is a reasonable facsimile available from a non-dollar source. These rigid conditions are hard on dollar imports and Canada's trade has suffered drastically in recent years. In 1954, our exports to the area only amounted to $375 thousand and our imports from it were valued at over $8 million—a more than 20-to-1 ratio in favour of the East African territories.

Poor Transport System

It is a pity that dollar trade is so rigidly controlled because Kenya, Tanganyika and Uganda are incredibly rich in mineral resources and fertile farm lands and most parts are blessed with a reasonably good climate. Yet in this vast area there are a mere 60,000 white people compared with 19 million Africans—and it is with the latter that the big potential market lies. Even a slight rise in the African standard of living has an immediate impact on sales and the standard is rising rapidly. There are good coastal ports, but poor internal transportation presents a formidable barrier to more rapid development. Already some good mines are operating—gold, base metals and diamonds—and secondary industries are on the increase. The Asian element (285 thousand) is a considerable factor in the commercial and industrial life of British East Africa



Sisal from Tanganyika starts its long journey to overseas markets. One of the world's largest sisal producers, its sisal sales abroad in 1954 earned £10·9 million.

and they are a shrewd, hardworking and imaginative people. The number of African traders is growing, especially in the rural areas, and this is being officially encouraged.

Investment and Trade Possibilities

East Africa is one of the last rich, virtually unexploited colonial areas in the world. For Canadian capital there is a variety of investment opportunity in mines, manufacturing, agriculture and transportation. Development may be slow or rapid, depending to a large extent on the rate at which outside capital flows in, but that there will be tremendous economic activity in the next ten or twenty years is beyond question. All this means increased imports but the extent to which Canada can participate depends largely on relaxation of the present stringent regulations by the British Government. However, the price element should not be overlooked. Many Canadian products popular after the war, when dollar import restrictions were not so severe, are no longer competitive because of the devaluation of sterling in 1951. Even if dollar import permits were readily available, many Canadian exporters would have to reduce their prices substantially to re-enter the market. Most agents and importers in British East Africa regret that their business connections with Canada have been so hampered in recent years and are anxious, if possible, to maintain their contacts. Canadian exporters interested in this lucrative market should see to it that new catalogues and price lists are forwarded regularly and, where feasible, free commercial samples, import of which is not restricted. Better still are periodic visits from Canadian businessmen.

KENYA

IF EAST AFRICA has such a thing as a capital it is Nairobi; it is the best known town in the three territories and it is here that the East African High Commission has its headquarters. It is an interesting, lively place, magnificently situated on a broad, gently undulating plain and troops, big game hunters, tourists, Arabs and Indians in national costume all rubbing shoulders in the street give it an international flavour.

Two years ago Nairobi was in the grip of Mau Mau terror but since then military operations have been so successful that the terrorists have been driven back to one or two obscure regions. Except for British troops on leave in the streets, a visitor is unaware that the state of emergency still exists. Yet in the past three years almost 14,000 Mau Mau have been killed or captured or have surrendered and the cost of the counter measures, including British regiments, has totalled $3 million a month. But, despite the hazards the isolated farmers faced, they did not flee in panic, land values held firm and in fact the economy has prospered every year of the emergency. New secondary industries have sprung up all around Nairobi and smart new commercial buildings appear throughout the business districts. Residential construction cannot keep pace with the demand.

Unfavourable Trade Balance

This progress has only been achieved at the price of an unfavourable trade balance—of all the territories Kenya is the only one not paying its own way. Unfortunately, no rich mineral deposits have been found as in Uganda and Tanganyika and its main agricultural exports—coffee, tea, sisal, pyrethrum, wattle and hides—have been unable to supply the necessary exchange to satisfy the demand for imports. In the first nine months of 1955 net imports totalled £48·8 million against exports of £17·9 million. The resulting deficit of £30·9 million was made good by the U.K. Treasury. Britain was the dominant country in the foreign trade of the Colony, supplying 44 per cent of its imports and purchasing 36 per cent of its exports.

Signs of Progress

To avoid recurrences of movements such as the Mau Mau, steps are being taken to give the African a greater share in the agricultural development of the colony and the U.K. Government has earmarked £25 million for this purpose. The number of African farmers producing coffee and pyrethrum is growing at a good pace. They are receiving unstinted assistance from the Department of Agriculture and the policy is expected to produce good results.

Kenya has long had a shortage of electric power and this has deterred industrial development. To correct the situation, lines are now being built to Uganda to draw off some of the surplus energy being generated by the Owen Falls dam station on the Nile. This operation should be completed by 1957.

Another drawback to the development of commerce in the past five years has been the bottleneck in the port of Mombasa, where the only rail line from the coast to Nairobi and the interior begins. Part of the problem has been shortage of rolling stock and part insufficient berthing space in the harbour. The London dock strike in mid-1955 gave an unparalleled opportunity for clearing accumulated cargoes and about the same time the railways acquired additional rolling stock. In addition, the harbour is undergoing a $10 million improvement job, which will give it deep-water berths for at least six more ships and ease the congestion.

Efforts to find valuable minerals are continuing and the agricultural future looks bright. Kenya's Arabica coffee commands premium prices on the world market, the 1955 crop was a good one, and the prospects for

the 1956 one are bright. There is a growing demand for pyrethrum in the United States and the market for wattle and sisal remains firm. Despite recent troubles, the outlook for 1956 is promising.

UGANDA

UGANDA is the only one of the three East African territories which is landlocked and its only rail outlet to the sea is through Nairobi to Mombasa. Hence, it has suffered even more than Kenya from the Mombasa bottleneck, and the improved service has been warmly welcomed. In many ways Uganda, the smallest of the territories, is showing the most rapid growth. The Baganda tribe is far along the road to self-government and has a strong voice in the administration of the protectorate. Its parliament, the Lukiko, is responsible for a good portion of the internal and municipal government and its monarch, the Kabaka, holds a position virtually on a par with that of the Governor. They are an articulate, aggressive people and far more advanced than any of the other tribes of East Africa.

Agriculture and Mining

Uganda is a tropical garden in many parts, with lush vegetation. Robusta coffee, cotton and tea grow at an amazing rate and since many of the Baganda have large holdings, their incomes from these crops often exceed the sterling equivalent of $5,000 a year. With their earnings they demand quality merchandise and in Kampala, the capital, the shop windows carry the best prints, perfumes and haberdashery that Europe can supply. The demand for motorcycles is so great that not long ago they were being flown in from the port of Zanzibar to bypass the slower rail delivery from Mombasa, and the eager buyers gladly absorbed the extra costs.

Parts of the protectorate, especially in the Ruwenzori Mountains area, are proving rich in valuable minerals and a great mining industry is expected to develop in the next ten years, especially as branch rail lines are being built into some of the more promising areas.

Canadian mining interests have been active in Uganda for some years and several months ago one Toronto group floated a bond issue for $5 million which was promptly underwritten by a large brokerage house. The proceeds are to be used in the development of the Kilembe copper mines in the Ruwenzori Mountains.

Good Market for Certain Equipment

Unlike Kenya, Uganda more than pays its way in external trade and in 1954 exports amounted to £40,575,000 in contrast to imports of £25,199,000, leaving a healthy surplus of £15,376,000. Cotton (£20,877,232) and Robusta coffee (£11,310,650) were the major exports; manufactured goods of a wide variety (£10,121,022) and machinery and transport equipment (£6,163,700) were the main imports.

The inauguration of the Owen Falls hydro-electric station in 1953 has provided Uganda with all the power it will need for many years to develop mining and secondary industries. Already in the town of Jinja adjacent to Owen Falls a large textile mill and builders' supplies industries have been set up and further expansion is almost a certainty. If the present restrictions were lifted, this flourishing territory would be a promising potential market for Canadian mining and industrial equipment and for a host of other articles.

TANGANYIKA

TANGANYIKA, formerly German East Africa, is the largest of the British Eastern African territories and probably the least developed. Nevertheless, it had a favourable balance of trade of £4·2 million in 1954 and shows every sign of prosperity.

Of its total exports of £36 million in 1954, sisal at £10·9 million and coffee at £10 million accounted for 57·7 per cent; it is one of the world's largest sisal producers. Attention has been drawn to Tanganyika in recent years by the discovery by a Canadian geologist, Dr. Williamson, of diamonds in large quantities; in the first ten months of 1955 exports from this mine amounted to £2·6 million. Gold, silver, tin and lead are also exported but diamonds are the mainstay of the mining industry so far.

Lack of adequate transport is the biggest drawback to the agricultural and mining development of Tanganyika. The two east-west railway lines do not extend to many of the most promising areas and an effort is being made to remedy the situation by as large a road-building program as the economy will support. Since 1947, £8·5 million has been spent on new roads and in the next five years another £5 million will be spent, under present plans.

Dollar permits were granted for a number of "pick-ups" and automobiles of Canadian origin in 1955 and the procedure will be repeated in 1956. Aside from these, Canadian trade is negligible but if dollar restrictions were lifted there could be a good market for mining, road-building and agricultural machinery, forestry equipment, fertilizers, insecticides and household goods.

Agricultural production is going ahead at a good rate and as long as coffee and sisal prices remain at the present levels, Tanganyika will continue to thrive.●

BRITISH WEST AFRICA

Carrying out of development plans should increase future market potential of these four colonies. Trading there presents special problems which Canadian exporters should understand if they wish their sales to grow in the next few years.

H. G. GARLAND,
Office of the Commercial Counsellor, London.

THE FOUR BRITISH WEST AFRICAN TERRITORIES vary considerably in size and are widely separated along the Atlantic coastline. Gambia, the most westerly, lies 100 miles south of Cape Verde and comprises 4,000 square miles on the banks of the river from which it takes its name. Sierra Leone, 28,000 square miles, adjoins the northwest border of Liberia, and the two larger territories, Gold Coast (192 thousand square miles) and Nigeria (373 thousand square miles), face south on the Gulf of Guinea, with the long strip of Dahomey in French West Africa dividing them.

Canada's export trade with British West Africa follows much the same pattern throughout the four territories: flour accounts for 75 per cent of our total exports to the area, which in 1955 were valued at about $3 million. Apart from flour, the principal items were mining and other machinery, drugs and chemicals, motor vehicles and parts, canned salmon, and newsprint. The following table shows that the Gold Coast, with a population less than one-seventh that of Nigeria, in 1955 imported from Canada as much as the other three territories combined.

	Population	*Percentage of total Canadian exports to British West Africa*
Gambia	300,000	2
Gold Coast	4,500,000	50
Nigeria	32,000,000	30
Sierra Leone	2,000,000	18

In common with the rest of the sterling area, the four colonies maintain restrictions on imports from dollar countries and buy a large proportion of their requirements from the United Kingdom, which is also their best customer. In recent years several other countries, particularly Japan, have increased their share of the market, but the amount imported from the dollar area has remained fairly constant.

Trading Practices

Under these conditions it is difficult for Canadian exporters to make much headway and an approach to the market is complicated by the shortage of firms qualified to act as representatives. In Nigeria it is estimated that over 80 per cent of total imports is handled by the half dozen large European merchant houses who operate throughout British West Africa, and the proportion in the Gold Coast is only slightly smaller. With one exception, these organizations have been established in the area for many years. In the absence of a substantial local capitalist class they have set up retail outlets, either directly or through subsidiaries, to market their goods in the outlying regions. This activity is declining, however, partly because of the high cost of maintaining these small trading stations but also because of the gradual tendency to leave the retail trade in the hands of African firms.

The terms "wholesale" and "retail" as used in British West Africa differ from their meaning elsewhere. Only direct imports and bulk sales by importers are classified as wholesale operations. Subsequent transactions are referred to as retail, although very large quantities may be involved and the goods may be handled by several middlemen before reaching the ultimate consumer. Much of the business done in the "retail" stores of the merchant firms is in fact on a wholesale basis, and there is no clear-cut way in which a trader can be defined as a wholesaler, a semi-wholesaler or a retailer.

Petty Traders Common

In many cases the consumer buys from a petty trader who comes within none of the categories. A remarkable number of West Africans, including employees of government organizations and of the large firms,

seem to play some part in trade. And because of the lack of capital at the later stages of distribution, the small purchasing power of the consumers, and the wide areas with poor communications, the petty trader is often an important link in the long chain of intermediaries. Cigarettes, for instance, which may be imported in consignments of hundreds of cases, may eventually be sold singly and the purchase of a packet ranks as a semi-wholesale transaction. Similarly, matches may be finally sold in bundles of ten.

Although African firms are responsible for an increasing share of import business, the fact that even some of the most prosperous concerns do not operate bank accounts handicaps them in their dealings with overseas suppliers. In addition, the smaller African traders have difficulty in understanding the complexities of import and exchange controls. However, the Nigerian authorities, in particular, have for some time been publicizing the import regulations in simple language.

Local Firms Becoming Important

With the movement towards complete self-government well under way in both Nigeria and the Gold Coast, it is perhaps inevitable that more of the business in these areas will be controlled by local firms, but the Governments of both territories have acknowledged that they will require know-how and capital from outside sources in order to develop new industries. In the Gold Coast, where cocoa accounts for two-thirds by value of all exports, a development corporation has been set up to carry out experiments in small-scale mechanized farming in an effort to diversify the economy. Peanuts and tobacco are two of the crops under cultivation, but these developments are only at the pilot stage. Coffee and oil palm cultivation is being expanded and commercial shipments of bananas are now being made.

Gold Coast Conditions

Gold Coast production of gold, manganese and bauxite is in the hands of overseas companies, most of which are domiciled in the United Kingdom, but a change of pattern has taken place in the production of diamonds. Africans, working singly or in small groups and using primitive methods, are now producing more than the European mining companies, and a market has been set up in Accra to which local operators are compelled to send their diamonds. The timber industry, which has developed a large export market since the war, especially in the United Kingdom, includes local operators as well as overseas companies which have built sawmills on their concessions. Overseas capital invested in the industry is estimated to be about £10 million and over twenty varieties of timber are now being exported.

The Gold Coast Government wishes to attract overseas investment in other industries besides mining, sawmilling and brewing, and for this purpose the Industrial Development Corporation has been established with a capital of £4 million. Among the industries now being developed are furniture, bakery products, bricks and tiles, nails, matches, cigarettes and cigars. The Government has stated that the welcome given to any new enterprise will depend on the arrangements proposed for the employment, training and promotion of Africans.

Points for Exporters to British West Africa

- *English is the common commercial language.*

- *A West African currency is in circulation throughout the four Colonies and is interchangeable with sterling at par. Prices should therefore always be quoted in sterling.*

- *In general, specific import licences are required for purchases from countries outside the sterling area.*

- *There are comparatively few firms experienced in import trade and caution should be used in dealing with inquiries for agencies. West Africans are optimistic by nature and reports of good market prospects for particular lines probably do not take into account the exchange and import restrictions on dollar goods.*

- *The West African consumer is very price conscious. Time is of little importance in comparison with money, and much time is devoted to finding out whether price differences exist.*

Volta River Project

Port and transport facilities were given priority. The recent construction of a link between two branch lines has nearly halved the distance by rail between Accra, the capital, and Takoradi, the main western port, and the harbour extensions at Takoradi have been completed. To avoid dependence on Accra, where cargoes have to be manhandled through the surf, a new deep-water port is being built 16 miles east of the capital at Tema, which is also designed to serve the Volta River project if and when it matures.

This project, the biggest of its kind envisaged in Africa, would involve damming the Volta River to provide electric power for the development of the

bauxite deposits, which are estimated at 200 million tons, and the production of aluminum. Ancillary possibilities include the use of the flood-waters for transport, the irrigation of the Accra plains, and the transmission of electricity to other areas. The scheme, which calls for an outlay of £144 million, would be carried out as a joint operation by the Gold Coast and United Kingdom Governments and by a Canadian and a British aluminum company. It has been under consideration for some years and a decision will be taken within the next few months.

Nigeria Bigger Potential Market

Primarily an agricultural country, Nigeria derives the greater part of its overseas income from the sale of cocoa, palm oil and kernels, cotton, and bananas. Timber and hides and skins also rank as major exports and the colony produces 95 per cent of the world's columbite requirements. With its larger population and volume of trade, Nigeria is potentially a bigger market for Canadian products than the Gold Coast. At the present time, Nigeria has an unfavourable balance of trade with countries outside the sterling area, although exports to those countries increased in 1955. Flour is the only commodity admitted from Canada under Open General Licence. As in the Gold Coast, the Government has set up Development Boards to foster new industries and, in partnership with a United Kingdom manufacturer, has begun work on a factory designed to produce 12 million square yards of cotton piece goods a year, spun and woven from local cotton. To assist new construction, the Colony's first big cement factory is being built near Enugu, in eastern Nigeria, the site of the largest coal mines in the area.

As an indication of the emphasis placed on capital goods, 1955 imports of machinery in that category increased by more than £5 million over the previous year and made up 20 per cent of the total imports, which exceeded £110 million. Textiles, mainly cotton piece goods, are the principal imports, with the consumption of all types approaching 250 million square yards a year.

Gambia and Sierra Leone

Gambia depends almost entirely on peanuts for its export trade; palm kernels, hides and skins, and beeswax are the only other exports. It has no railroad and internal traffic from Bathurst, the seaport, is carried by river craft. Sierra Leone is larger and has a more varied economy; it exports iron ore, palm kernels, diamonds, cocoa, raw coffee, chrome ore, and peanuts. A railroad 300 miles long runs inland from Freetown, the capital. ●

INDIA

Second Five-Year Plan, beginning in April, will stress industrial development; should be watched closely by Canadian makers of machinery, special equipment and suppliers of raw materials. Some opportunities of selling to Government, but strict licensing limits other trade openings.

WM. JONES, *Commercial Secretary, New Delhi.*

A DRAFT OUTLINE of the Second Five-Year Plan has just been published. Even to the most casual reader it is immediately apparent that it will impose extraordinary financial strains on the Indian economy. But if the Second Five-Year Plan is as successful as the first, there can be little doubt that it will contribute tremendously to an improved Indian standard of living and will lay a solid foundation for rapid future progress.

The Plan visualizes a government outlay on development of Rs.4,800 crores.* Rs.1,000 crores of this is to cover current development expenditure and the remainder is for investment in productive assets. The planners estimate that the resources to make this outlay possible will be available as follows:

	(Rs. Crores)
Surplus from current revenues	800
Borrowings from the public	1,200
Other budgetary sources	400
External assistance	800
Deficit financing	1,200
Uncovered gap	400
Total	4,800

These figures show that a large increase in external aid over the coming five years is expected. Assistance of this degree from foreign countries does not appear to have emerged so far from the welter of announcements on various foreign aid plans and projects.

The suggestion that deficit financing in an amount of Rs.1,200 crores may be needed has touched off exten-

* Rs.1 crore=approx. $2 million Canadian.

sive discussion in both financial and economic circles. Despite the abundant human resources in India, there can be little doubt that this phase of the Plan, unless it is carefully controlled, could easily lead to serious inflation within the country. It might possibly mean an unanticipated pressure on foreign exchange resources to finance purchases of non-capital imports.

The "uncovered gap" has also been debated. However, it is probable that the immediate resources obtained by the recent nationalization of life insurance will contribute substantially to reducing this gap. Moreover, the Government probably anticipates an increase in the number and value of policies to reduce it still further, and additional steps of this nature may be contemplated. One suggestion is the establishment of a state-trading corporation to market some of the major Indian exports abroad. Should the jute and tea export trades be taken over, for example, and assuming that world market prices remain reasonably high, the profit to the Government might well be substantial and make a major contribution to available funds. Critics are, of course, quick to point out that the deficits of a state-trading corporation in the event of price drops would mean a real widening of the gap.

Opportunities for Canadians

An expenditure of Rs.1,350 crores over the period for imports of machinery and equipment is planned. This should provide Canadian manufacturers of specialty products of this type with a substantial market. And, as the facilities so established come into production, the demand for raw materials and supplies not available in India will grow. On the other hand, as the pressure on the foreign exchange resources gradually increase, there may be a tendency to reduce by means of licensing or higher tariffs the import of consumer goods and of supplies which can be or are being produced locally—even if the latter are expensive and not as high in quality.

Import Restrictions Relaxed

During the past year, largely because of favourable jute and tea prices, India achieved a small surplus on international balance of payments account. As a result, restrictions on imports into the country were relaxed slightly. In general, restrictions on some products were relaxed, but those on others were increased. Relaxations applied mainly to industrial raw materials and machinery, and further restrictions to consumer goods and products being made in larger quantities in India.

Of greater importance to Canadian suppliers is the reduction in the area of discrimination. This has the effect of allowing at least some Canadian products which were previously excluded to enter the country and compete with products of the sterling area and other non-dollar countries. Thirteen such items were listed in the summary of relaxations which appeared at the beginning of 1956. It is not possible to predict accurately the effect of these relaxations on Canada's trade with India. However, it is probable that our exports to this country will not expand substantially in the near future, although in individual cases the Indian market may absorb more supplies than in previous years.

There is one area of relaxation which does not appear in official publications on the subject—that is, relaxation by administrative action. The Indian import licensing schedule contains clauses providing for liberal licensing, licensing for "actual users", and licensing on an "ad hoc" basis. These permit an admirable flexibility in the administration of licensing. In many cases, it is possible for the officers concerned to cope with imminent or immediate shortages by issuing individual licences for products otherwise restricted by quotas. Thus a manufacturer is often able to buy products directly from abroad which he might normally obtain from a local import house. Each such application is considered on its merits and the decision depends in part on the availability of the currency to be used.

—U.N. Photo

India's first Five-Year Plan, just ending, has resulted in encouraging increases in foodgrain production. Here farmers who till new fields in the Terai area weigh their flour at the mill.

Selling to the Government

Another area (and one of increasing importance) in which discrimination is diminishing is that of government purchases. Because of the great demands on the

Government's financial resources, its purchasing agencies tend to place orders with the source of supply which quotes the lowest laid-down cost, notwithstanding the currency involved. The logical outcome of such a policy is increased pressure on the supply of particular types of currency, with a consequent reduction in the amount available for use by private business. A further possible result of this policy and the pressure on the Government's immediate financial resources sometimes is a tendency to disregard the effect that varying rates of Customs duty have on the laid-down cost. In other words, official opinion may well be that duty has no net effect on the cost to the Government for, if duty were to be paid, it would be a case of taking the money from an expenditure account and transferring it to a revenue one. It is probable that the field of government supply will provide the greater opportunities for future sales.

If You Are Exporting to India . . .

- *Goods should be carefully and sturdily packed as cases are subject to extremely careless handling at the docks. If they are consigned to inland cities, additional precautions should be taken against railway mishandling.*

- *Anything perishable should also be carefully packed because there are long delays in transport and extreme heat is the rule rather than the exception.*

- *No chances should be taken with incorrect or incomplete description of goods shipped. The Indian customs authorities are strict and the importer will encounter difficulty and delay in having the goods released.*

- *Weights should be in pounds and long tons (2,240 lb.) and not kilograms. This also applies to labelling.*

- *Correspondence should always be carried on in English; French is not generally understood here.*

- *Goods should never be sent on consignment; it is usually hard to obtain dollar exchange and genuine difficulties may arise if a letter of credit is not opened first.*

- *It is best to check with the Trade Commissioner in territory before shipping to an unknown firm.*

- *Don't try to ship goods originally obtained from a third country because different regulations exist for import of goods from other countries. For example, imports from South Africa are banned.*

- *India is a "price" market and is not too quality-conscious. It is important, therefore, to quote the lowest possible c.i.f. prices to private purchasers and also f.o.b. price if there is a chance of government purchase.*

- *Indian Government regulations do not permit barter deals by private firms, but sometimes local firms don't know this. Don't waste time on suggestions of this nature.*

- *It should be expressly stated on invoice or quotations that these values are in Canadian or U.S. dollars.*

Agricultural Production Improves

The closing days of the First Five-Year Plan provide considerable evidence of its success. Agricultural production has grown to a point where India is now almost, if not quite, self-sufficient in foodgrains. During the crop year ended June 1955 the total output of cereals reached 65·6 million tons, compared with 66 million in the previous crop year. A drop of about 2·9 million tons in the production of rice was the main factor in this decline. Production of wheat and pulses over the two periods continued to increase and other crops fluctuated in only a minor way. It is significant that exports of more than 63,000 tons of rice were made during the seven months ended October 1955. The increase in agricultural production resulted largely from favourable weather, the increased use of fertilizers, more irrigation, and improved methods of cultivation. There is, nevertheless, considerable scope for the further application of improved methods of production because the level of agricultural productivity is still lamentably low. Such efforts continue to be made. It has been estimated that the real rate of increase, excluding climatic influences, is 3 per cent a year.

The introduction by the Government of price supports for foodgrains about the middle of the year was hailed by some as a sign that India was entering a period of

food surpluses. This was over-optimistic because, while India can now meet her minimum needs if the monsoons are not too unfavourable, there is still an unfilled demand which will become more apparent as living standards improve. In October the major wheat-growing area of the Punjab and western United Province was devastated by floods and recently some foodgrains had to be imported to meet the needs of this area. This problem appears temporary and local but its full effect remains to be assessed. The first estimate of cereal production in the present crop year shows an increase of 7·4 per cent in the acreage under wheat and barley but no significant change in that of other crops. It is generally assumed that, because of climatic conditions, the overall increase in production will not be as large as in past years.

Production of cotton, jute, sugar cane and oilseeds all increased substantially. The production of tobacco declined from 268 thousand to 248 thousand tons but still exceeded that of 1953 by some 7,000 tons.

Industrial Production Rises

During 1955 industrial production continued to rise steadily and the index (based on 1946) showed an average of 159 for the first nine months. For 1954 the index was 146·6. It is anticipated that overall industrial production will increase just as rapidly during 1956 and as various projects come into production, many of the products now imported will be obtainable locally. During the year 164 licences were issued for new undertakings and 318 for the expansion of existing ones. These establishments cover most fields of modern production and should have an important bearing on the Government's future import licensing and tariff policy.

Indian Trade with Canada

Although complete import figures for 1955 for Canada are not yet available, the total for the first 10 months of the year shows that Canada imported some $27·5 million worth of goods from India, compared with slightly more than $28 million worth during 1954. With statistics for the last two months of the year still to come, it is apparent that we will have increased our purchases several million dollars over 1954.

The Canadian importer will ask himself immediately whether he is missing an opportunity. An examination will show that well over three-fourths of our imports from India consist of tea, jute products, peanuts and peanut oil, and cotton textiles. The other products bought in quantity are walnuts, cashew nuts, pepper and carpets. The remainder of our imports consist largely of a variety of hand-made products. It is perhaps in this field that the small importer may find the largest scope for the development of trade. Many of the Indian hand-made articles are attractive and inexpensive and would find ready acceptance in Canadian homes. Unfortunately, standardization of production of these items has not yet been achieved and an importer who wants a product in quantity exactly similar to one previously obtained is unlikely to be successful. And, if the product happens to be a passing fancy of Canadian purchasers, he may find that his customers have changed their minds before he can obtain deliveries.

No great increase in our exports to India during the next six months should be expected. Canadian products, even where entry is permitted under present licensing, often cannot compete with those of the sterling area. In addition, they are subject to the most-favoured-nation tariff and British products enter under a preference. Another handicap is the relatively high cost of shipping from Canada as compared with Europe. For Canadian producers of raw materials and semi-manufactured products, India undoubtedly offers bright future prospects and it is in the initial period of industrialization that the worthwhile long-term contacts will be made. A Canadian producer able to spare materials which are in short supply would be well advised to try to establish contacts now, with a view to benefiting from being the initial supplier to rapidly expanding and developing businesses.

Trade Fair in Ceylon

A TRADE AND INDUSTRIES FAIR will form part of the month-long Second Colombo Plan Exhibition which opens in Colombo on February 15, 1957. All nationals of, or firms or companies in, any country which has trade relations with Ceylon are invited to take part in this fair. Exhibitors will be entitled to exhibit, sell over the counter or book orders for all kinds of goods except liquor, dangerous materials such as explosives, and any similar goods which, in the opinion of the management, are unsuitable or harmful. The fair will be open daily from 2 P.M. to midnight.

Exhibition and sales space at the Trade Fair will be available at Rs.10 per square foot. Minimum space that can be booked is units of 120 square feet (depth 12 feet) or 200 square feet (depth 20 feet). Any number of these units can be taken. A limited number of bare sites will also be available for exhibitors who wish to put up their own structures. Ground rent for these sites is Rs.5 per square foot. Applications for space should be made, on or before August 31, 1956, to the Chairman, Trade and Industries Fair, Colombo Plan Exhibition, P.O. Box 1507, Colombo.

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PAKISTAN

Pakistan rupee devalued in 1955 but lack of foreign exchange continues to be major problem; Canada making contribution to development under Colombo Plan, but normal commercial trade between two countries limited by strict import policy.

R. K. THOMSON, *Commercial Secretary, Karachi.*

THE SHORTAGE OF FOREIGN EXCHANGE continues to be Pakistan's major problem. Substantial amounts of foreign currency are required for economic development, and although the country has made considerable progress in the less than ten years of its history, there is still much to be accomplished. Industrialization has made heavy demands on its slender foreign exchange earnings although some assistance from abroad has been received.

Throughout 1955, Pakistan's balance of payments position was favourable, thanks to the Government's careful control of foreign commitments. Every attempt is made to ensure that foreign exchange expenditures do not exceed foreign exchange earnings. This can only be achieved by continuing the stringent import control policy which has been in effect since 1953. Fundamentally, this policy restricts imports to capital plant and equipment, raw materials for industry, and essential consumer goods. It means that the people of the country have had to do without many imported commodities almost essential in everyday living. The allocation of foreign exchange, for example, for automobiles and refrigerators is by no means sufficient to meet the demand and the same applies to many other products. There has been a tendency to allow some imports of less essential consumer goods but licences issued for them are very modest.

The development of the country has been relatively substantial and has been aided by gifts of equipment, supplies and commodities, and by loans without which progress would have been considerably more difficult. Such aid is given under the Colombo Plan by Australia, New Zealand, Canada, and the United Kingdom; by the United States under its various aid programs, and by the World Bank. The value of foreign aid and loans received by Pakistan in the year ended June 30, 1955, totalled Rs.1,275 million (approximately $375 million).

Foreign Investment Welcomed

There has been no extensive foreign capital investment in Pakistan despite relatively favourable conditions provided by the Government. Foreign capital is welcomed and there are provisions for the repatriation of profits and capital and guarantees against nationalization. The field for investment in a small number of industries where the national interest is important is restricted to the Government of Pakistan, but the scope for foreign capital is large. It is provided that a certain degree of participation must be available to Pakistan capital but these provisions are sometimes waived. Most foreign capital investment in Pakistan comes from the United Kingdom, plus some smaller participation by United States and German capital.

Industrialization Makes Progress

Industrial development continues to progress. A 200-thousand ton cement plant, partly financed by New Zealand, began operations early in 1956; the Maple Leaf cement plant, producing 160 thousand tons of cement per year, is expected to begin operations in March 1956; Canada provided equipment for the latter. Other industrial enterprises which went into production in 1955 under private auspices included a wire and cable factory, a pharmaceutical plant, a paint factory, and other smaller undertakings.

The Pakistan Industrial Development Corporation, a government-financed, semi-independent organization, has a considerable record of achievement in the field of industry. In its four years of existence, the following industries have begun producing or will come into production in the next year or so: a paperboard mill and a strawboard paper mill with an annual capacity of 45,000 tons; a jute mill of 750 tons and, in association with private enterprise, additional mills with an annual capacity of 6,000 tons; three woollen mills with an annual capacity of 1·8 million pounds; two cement factories with an annual capacity of 400 thousand tons; three sugar mills with an annual capacity of 50,000 tons; five chemical plants with a total capacity of 50,000 tons of ammonium sulphate, 6,000 tons of sulphuric acid, 3,500 tons of caustic soda, 3,000 tons of chlorine and 700 tons of DDT; a major shipbuilding and engineering works in Karachi, capable of building ships up to 7,500 d.w. tons; five textile mills with an annual capacity of 46,000 spindles, and five cotton ginning factories.

The major achievement of the P.I.D.C. in 1955 was the completion of a 350-mile pipeline from Sui in Baluchistan to Karachi, providing natural gas for factories along the route of the pipeline and in the Karachi area. This project was financed by the World Bank. The use of domestic natural gas will mean substantial savings of foreign exchange which otherwise would have to be spent on oil imports.

The P.I.D.C. has plans to develop an iron and steel industry; to extend the Sui gas pipeline to the north, supplying a power station and industry in the central part of the west wing of the country; to set up a dyestuff and pharmaceutical industry and a newsprint mill in East Bengal (a Canadian firm is consultant to this project), to modernize existing collieries, and to expand the jute, sugar, cement and heavy chemical industries. Oil exploration continues in both wings of the country, with at least three major foreign oil companies participating.

Colombo Plan Projects

The attention of Canadians is being focused these days on Pakistan through a number of development projects in which Canada is co-operating by supplying equipment, services, commodities and technicians under the Colombo Plan. In March 1956, the kilns of a cement plant will begin to rotate in the Thal area of the former province of West Punjab. A photographic survey of almost the entire section of West Pakistan was completed in 1954. This was followed by geological and soil surveys of the area photographed by Canadian geologists and soil experts; the data obtained are now being studied and compiled in Canada and this study is expected to be complete by the end of the year. It will provide Pakistan with a tangible and useful record upon which to base development in mining, agriculture, forestry, irrigation, land use and planning generally. Canadian *Beaver* aircraft are being used to spray crops and prevent locust infestation. In East Bengal, a thermal generating station is being constructed, which will provide electricity for a very large irrigation project. Construction will soon begin on a transmission line to carry electricity across East Bengal, and plans are being made to erect an additional thermal electric station in a newly developed industrial area of this province to provide power for jute, cotton and other factories.

Canadian engineers and construction experts are working hand in hand with frontier tribesmen near the famed Khyber Pass in building the Warsak multipurpose project, which was begun last September. This will be Canada's largest project in Pakistan, generating initially 160 thousand kw. of electricity and irrigating 250 thousand acres when it is completed in three or four years. Co-operating in the construction are Pakistan government engineers, together with a prominent Canadian firm of engineering consultants and one of Canada's leading construction companies. The first wire and cable factory in Pakistan established under private auspices began production in September 1955, with a consignment of copper rod supplied by Canada under the Colombo Plan.

Commercial Trade with Canada

Although Canadian trade statistics indicate relatively substantial exports of Canadian commodities to Pakistan, only a proportion of the total value reflects the direct commercial transactions of exporters in Canada and importers in Pakistan. Equipment and supplies provided under the Colombo Plan make up the majority of items. Though normal commercial trade is modest because of the stringent import policy of the Pakistan Government, the commodities exported comprise an interesting range, including fishing nets, wood pulp, fine paper, gas engines, automobiles, trucks and parts, tires and tubes, zinc spelter, lamps, radio wireless apparatus, drugs and chemicals, fountain pens, and aircraft parts.

Pakistan's exports to Canada still remain low with a substantial trade balance in Canada's favour, even excluding the value of shipments under the Colombo Plan. During 1955, Pakistan once again shipped cotton to Canada. It is possible too that Canada may become a worthwhile market for manufactured jute products, now that a jute manufacturing industry has been established with an annual exportable surplus which will reach 225 thousand tons per year by the end of 1956.

Prospects for the export of Canadian goods to Pakistan for the next several months cannot be described as promising. There is however a slight broadening of the import control policy, which can provide the Canadian exporter with opportunities to re-enter this market from time to time. Generally speaking, trade possibilities are open only to exporters of essential machinery and industrial raw materials, but there are limited opportunities in consumer goods.

Rupee Devalued

The major economic development of 1955 was the devaluation on August 1st of the Pakistan rupee to a rate level with the Indian rupee and in line with the general devaluation of sterling in 1950. The timing of the announcement of devaluation was deliberately planned to minimize the effect on Pakistan's exports. The objective was to improve the rupee return of the agriculturalist, to stimulate jute and cotton production, and to make the export prices of the country's manufactured goods more competitive. These objectives have been achieved in part. Though the cost of imported goods, particularly capital equipment and imported raw materials, will necessarily increase by

as much as 40 per cent in terms of rupees, it is expected that in the long run the country will benefit. This substantial increase in the cost through devaluation will mean that Pakistan's imports of capital equipment will have to be restricted; however, the Government considered that the time had come to slow down the pace of industrialization.

Other 1955 Developments

A further development in 1955 was the political integration of all of West Pakistan into one administrative unit or province. Previously, the west wing of the country comprised three large provinces—Sind, West Punjab and North West Frontier Province—and a number of smaller states and centrally administered areas. The integration of these into one province of West Pakistan was planned to aid political stability, improve administration, and permit better economic planning.

During 1955 Pakistan was again beset by floods in both sections of the country during the latter part of the summer. Damage was high and wheat, cotton and rice crops were affected. As a result there is a shortage of wheat which is being met by the shipment of 250 thousand tons made available by the United States under its aid program. The United States will also provide some rice for East Bengal to meet shortages.

CEYLON

Exports and imports were up and favourable trade balance reached record figure in 1955; imports from Canada small because of restrictions and non-competitive prices. Tea prices rose again after serious decline early in year; rubber prices also higher, but coconut products earned less. Government pursuing policy of "Ceylonizing" export and import trade.

J. J. HURLEY, *High Commissioner for Canada.*

THE YEAR 1955 was a progressive one for Ceylon, both politically and economically. Foreign trade continued buoyant and the year ended with a favourable trade balance of Rs.478·9 million, compared with Rs.412 million in 1954. This is a record, surpassing even that of the Korean boom.

Ceylon's total exports in 1955 were valued at Rs.1,940 million, compared with Rs.1,714·6 million during 1954. Tea, rubber and coconut products, as usual, were the principal exports. The quantity of tea sold abroad in 1955 was the highest on record—some 362·2 million pounds worth Rs.1,194·2 million, compared with 335·5 million pounds valued at Rs.825 million the previous year. Rubber exports in all forms totalled 222·3 million pounds valued at Rs.350·3 million, compared with 209·35 million pounds valued at Rs.285·5 million in 1954. The total value of all coconut products exported during the first eleven months of 1955 reached Rs.128·4 million, compared with Rs.240·5 million for 1954.

Foodstuffs Chief Import

Despite the Government's policy of restricting imports of non-essential and luxury goods, Ceylon's imports for the year 1955 reached Rs.1,461 million, an increase of approximately Rs.64 million over the 1954 figure. Since Ceylon is primarily an agricultural country, her main efforts are devoted to increasing the returns from the principal cash crops—tea, rubber, and coconut products—with the result that she must buy abroad the greater part of her consumer and capital goods, as well as a substantial part of her food. About half the value of total imports is spent on food, and more than half of this for rice. However, as a result of the Government's policy of encouraging domestic production and because of stockpiling during the previous year, rice imports were smaller in 1955. In 1954 they totalled 7·9 million cwt. valued at Rs.273·3 million, but in 1955 they fell to 7·5 million cwt. valued at Rs.221·5 million. Flour imports, however, were slightly higher—4·3 million cwt. valued at

Rs.86·3 million, as against the previous year's figure of 4 million cwt. worth Rs.91·4 million.

Problems in the Tea Trade

During the early part of the year, falling prices brought a crisis in the tea industry—Ceylon's lifeblood. Prices were rising steadily at the end of 1954, but a steady decline began in the New Year and, at one stage, selling prices fell below cost of production. Fortunately this state of affairs was short-lived and at the end of 1955 tea was bringing very good prices. The export duty on tea at the end of 1954 was Re.1/– a pound, but this was stepped up to Re.1/30 during the early part of 1955. Immediately following this increase, tea prices declined and, after several representations by producing interests, the Government gradually brought the duty down to the current –/65 cents a pound. In 1955, the first time in history, the Government entered the tea auctions as a buyer in order to help the industry, particularly the smallholders, through this difficult period.

Rubber and Coconuts

While tea prices were declining, rubber prices were rising and helped to maintain Ceylon's economy. With the revision of the China rice-rubber pact, rubber prices became firmer and prices of sheet rubber rose twice during the year. The first increase came in August when the price rose from Re.1/25 to Re.1/35 a pound; the second came immediately after the visit of the Ceylon delegation to Mainland China when an agreement was reached for automatic revision of prices on a sliding scale in accordance with fluctuations of world market prices. The price then rose to Re.1/50 a pound, the rate which is still in effect. The high returns for sheet rubber brought a decline in the production of crepe.

The declining trend in the market prices for coconut products continued during 1955 and exports were expected to be lower than in 1954. This trend may be the result of increasing competition from other producing countries in the Far East. The industry has received some relief through a reduction in the export duty and, following the visit of a trade delegation to Europe and the signing of several trade agreements in which coconut products were specifically mentioned, it is expected that the outlook for the industry will improve. The international trade is making some efforts to stabilize prices.

Trade Delegations

During 1955 a Ceylon trade delegation visited Europe and the Levant to find ways and means of improving Ceylon's trade with European countries. Trade missions from Japan, Germany, Pakistan, India, Poland and Czechoslovakia visited Ceylon during the year. As a result of these efforts, Ceylon signed trade agreements with Germany, Pakistan, Spain, Yugoslavia, Czechoslovakia and Poland.

Representatives of the Central People's Government of the People's Republic of China and the Government of Ceylon re-negotiated the contract for the sale to each other of rice and rubber within the framework of the five-year trade agreement concluded by the two Governments in December 1952. Under this agreement, China sells rice to Ceylon and Ceylon sells rubber to China at prices negotiated from time to time, in relation to the world prices of the two commodities. China's debt to Ceylon under this agreement has been steadily rising and is causing some concern, especially as the need for rice in exchange for rubber declines. The Burma rice pact must also be re-negotiated soon to take into account the declining price of rice.

Foreign Capital and Development

The Government's new policy to attract foreign capital brought in several proposals, the most important of which was one by a group of oil companies to build a refinery in Ceylon. Negotiations on this project, which would cost about Rs.150 million, were still not complete at the end of the year. Proposals to exploit ilmenite sands and other fissionable minerals are also being considered, but despite concessions offered in the way of tax relief, repatriation of capital, transfer of profits, lower import duties on raw material and machinery, etc., foreign capitalists are still reluctant to invest here.

Several development projects are continuing. Major ones include the Gal Oya development project, the Laxapana hydro-electric scheme (stage II), development of Colombo harbour, and the Walawe Ganga River irrigation scheme. Under the Colombo Plan, Canada is making an aerial survey of the island to provide a resources inventory. The Canadian fisheries project will include cold storage and by-products plants which should be in operation by late 1956.

"Ceylonizing" Trade

The Government maintained its policy of encouraging Ceylonization of trade and one of the most significant features of the trade agreements which it entered into during the year was a "Ceylonization clause". The Government has embarked on a policy of encouraging Ceylonese to participate in export and import trade and, in order to enforce this policy of Ceylonization, the concurrence of the country's trading partners has been obtained to encourage the appointment of Ceylonese as agents in this country for goods originating in the country of the other contracting party. As an example, trade with Japan, Germany, Spain, Czechoslovakia, Poland and Yugoslavia has been

reserved exclusively for Ceylonese businessmen. External interests may, of course, base some supervisory personnel in Ceylon.

Import Control Policy

Ceylon's current import policy is designed to assist her own balance of payments position and that of the sterling area. At present certain imports from dollar areas are banned and others are restricted, but a few imports are allowed under an Open General Licence and similar methods. The commodities which can be imported from Canada under the various categories include:

• *Products which may be imported into Ceylon under the World Open General Licence; i.e., without restriction:*

Paper; milk foods; spare parts and accessories for motor vehicles; motor lorries, motor vans and motor omnibuses; tires and tubes for motor vehicles; machinery; fish, canned; patent medicines, drugs and chemicals, excluding sulphur.

• *Import licences are issued freely for the following:*

Cereal foods; glucose; animal oils, fats and greases; raw cotton, cotton waste, cotton yarn and cotton twist; linseed oil; iron and steel manufactures; brass and copper manufactures; cutlery, including razor blades; oils, fats, resins; shoe, furniture and car polishes.

• *Imports of the following products are licensed up to a monetary ceiling:*

Fresh fruits; fruits, dried and preserved; vegetables, preserved or tinned; tobacco, unmanufactured; glassware; clocks and watches; photographic goods; wireless goods; domestic refrigerators; textiles and apparel; stationery; manufactures of paper and cardboard; motor cars, including station wagons; firearms; brooms and brushes; imitation jewellery; musical instruments; cosmetics; powder and toilet requisites.

• *All other Canadian products are subject to individual licence with the exception of the following:*

Beer, ale and porter; whisky (token imports are allowed); confectionery; toys and parlour games.

Canada-Ceylon Trade

Because imports of a variety of Canadian manufactured consumer goods are restricted, and also because Canadian prices are high as compared with those of other exporters, Canada's exports to Ceylon during the first eleven months of 1955 totalled only Rs.14·6 million*; this figure includes flour, railway ties and other materials supplied under the Colombo Plan. Ceylon's exports to Canada during the same period totalled Rs.83·2 million. Thus Ceylon enjoyed a favourable balance of trade with Canada of Rs.68·6 million during the first eleven months of 1955.

Detailed figures of imports and exports for the calendar year 1955 are not yet available, but the main items in Canadian exports to Ceylon included flour, Rs.4,090,752; newsprint, Rs.1,998,148; milk foods, Rs.1,650,516; railway ties, Rs.803,020; locomotive spares, Rs.428,183; motor vehicles, Rs.515,315; clocks, Rs.155,128; fish, Rs.143,629; malt, Rs.111,663; drugs and medicines, Rs.104,669 and cereal foods, Rs.84,205. Two items which completely disappeared from the list of exports for 1955 were fresh apples and sulphur; in 1954 Canada exported to Ceylon Rs.8,914 worth of apples and Rs.554,448 worth of sulphur.

Canada's principal imports from Ceylon during the first eleven months of 1955 included tea, Rs.51,398,125; rubber, Rs.11,618,389; desiccated coconut, Rs.3,613,131; coconut oil, Rs.761,997; cocoa, Rs.631,343, and graphite, Rs.207,681.

Price Market

Ceylon's demand for Canadian goods, such as flour, newsprint, milk foods, cereals, railway ties, tinned fish, motor vehicles and spares, tires and tubes, drugs and medicines, will continue, but demand for other consumer goods depends upon Canadian prices becoming more competitive. Ceylon is essentially a price market where quality is secondary, and almost anything cheap sells well. If conditions keep improving and dollars become freely available, this market will warrant closer attention from the Canadian exporter.

The Future

It is difficult to predict future economic and trade trends in Ceylon because, although the country has enjoyed a favourable balance of trade during the last two years, there is no indication yet that the severe import and exchange restrictions affecting dollar countries will be relaxed. However, with continued capital aid and technical assistance from the Colombo Plan, the United Nations and other sources, there is every likelihood that Ceylon will continue to enjoy economic and political stability during this year and that such prosperity may lead to some relaxation of the import and exchange controls. •

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* One Canadian dollar=4·71 Ceylon rupees.

MALAYA

Total trade last year exceeded that of 1954 by 25 per cent; outlook continues favourable as Federation and Singapore move towards self-government. Canadian trade with country, both directly and through Hong Kong, shared in rising trend.

D. S. ARMSTRONG, *Trade Commissioner, Singapore.*

LAST YEAR was the second most prosperous one in Malaya's history. It was exceeded only by 1951 when, at the height of the Korean war, there was a boom in prices of raw materials produced in this area. Again in 1955 it was the sustained high world prices for natural rubber and tin, coupled with greater production, which resulted in near record export earnings and import values. Competent forecasters predict that the economic tempo will be maintained at least during the first six months of 1956.

Malaya's total trade was just short of M$8,000 million —more than 25 per cent above the figure for 1954. That year's adverse trade balance of M$28 million was in 1955 turned into a favourable balance of nearly M$340 million. Production of rubber and tin, which account for 80 per cent of Malaya's foreign exchange earnings, reached record levels. The entrepôt trade with neighbouring countries also improved, with imports up by 20 per cent and exports by 30 per cent over 1954 levels.

Independence Comes Closer

In the political field both the Federation and Singapore had a momentous year. For nearly 140 years these territories have been dependencies of the United Kingdom; in 1955 a big step towards independence within the British Commonwealth was effected. In both countries the functions of central government are now carried out by a majority of elected Ministers and members of the Legislative Assemblies working with a minority of Colonial officials. The transfer of responsibilities will continue this year and by 1957 or 1958 it is expected that full self-government will be achieved.

Such political developments might be expected to upset the country's economy. So far the reverse is true and, though it may be dangerous to speculate, there is every reason to believe that businessmen's confidence in Malaya's future will be maintained. There are even grounds for hoping that an end to Communist terrorist activities which have plagued the country for eight years is in sight, although the danger of subversion is still very real.

Import Restrictions Continue

An independent Malaya will retain membership in the sterling area and will continue to contribute to the dollar reserves from earnings on sales of rubber and tin to Canada and the United States. This means a certain amount of restriction on hard currency imports but any other course would endanger the flow of capital, both private and government, from Malaya's traditional investors. Such capital is essential if Malaya is to carry out much needed development programs, some of which are planned and some in progress.

From the head of the gravel pump at the right, tin-bearing liquid flows down a wooden channel; the grating in the centre removes stones and other foreign bodies. Tin mining ranks next to rubber in importance in the Malayan economy.

Singapore and the Federation plan to establish a Central Bank in the near future. It will take over the function of note issue (money in circulation is currently backed 100 per cent by sterling) now exercised by the Board of Commissioners of Currency, as well as act as banker for the Government and the commercial banks.

There has been some agitation to relax import restrictions on dollar goods on the grounds that Malaya should have more freedom to spend the dollars she earns rather than pass them to the central reserve. Unless it can be proved that Malaya's economic welfare is being placed at a disadvantage (which, in fact, it is not) there is no likelihood of any change in the present policy of restricting hard currency imports.

Trade with Canada

The reason why Malaya is not suffering is that since 1948 importers have been able to buy all the dollar goods they want and pay for them via the free foreign exchange market in Hong Kong. Almost half the purchases made in Canada and the United States (about M$80 million in 1955) were financed in this way. Licences are freely issued for the direct import of "essentials" so that only non-essentials are purchased in this roundabout way.

The most important products exported through Hong Kong from Canada are motor vehicles, outboard motors, fountain pens and pencils, frozen fish, canned milk, tires, sparkplugs, infants' food, and plastic moulding powders. From the United States, Malaya buys textiles, cigarettes, clothing, cosmetics, earth-moving equipment, old newspapers, motor vehicles, canned foods and medicinal products. Direct imports from Canada include flour, newsprint, apples, asbestos, pressure lamps and machinery.

Canadian figures give the value of exports from Canada to Malaya and Singapore for the first eleven months of 1955 as $3·1 million, compared with $2·6 million for the first eleven months of 1954. Canada bought from Malaya and Singapore about $23 million worth of products in the first ten months of 1955, compared with $15·8 million in the same period of 1954; crude rubber accounted for about $19·7 million out of the $23 million.

Problems of Rubber Industry

Malaya's high degree of dependence on the natural rubber industry has come under close scrutiny in recent years and studies have been conducted to determine first, how the industry can become more efficient and second, how best the country can diversify its economy. There is a simple answer to the first question—replanting. This entails replacing existing trees planted 20 to 40 years ago with newly developed types which produce up to four times as much latex. The greatest deterrent to replanting is the expense of taking part of a plantation out of production for seven years. Various solutions to this problem have been evolved and the rubber industry is proceeding, if perhaps only slowly, with the job of improving its competitive position vis-à-vis synthetic rubber.

Diversifying the Economy

Diversification of the economy is a highly complex question. Considerable attention has been given to increased output of primary products, particularly rice; roughly half the rice consumed in Malaya is imported. Research into the possibilities of cocoa production has proved successful and it is hoped that the first pilot smallholders' scheme will start this year. The oil palm and pineapple plantations and associated industries are slowly being expanded.

No direct government assistance or finance is given to industrial development but the Governments of both Singapore and the Federation are keen to have new industries. Up to the present the official attitude has been to provide services such as water, power and transport (including road, rail and harbour facilities), in the hope that these will encourage investment. Now, however, plans are being made to set up an Industrial Development Corporation to bring industries to Singapore.

The bulk of public development expenditure in both Singapore and the Federation has been made for social services—housing, health and education. Prosperity and the growing population have increased the demand for such services and have placed a heavy burden on the Governments. The Singapore Government's ordinary expenditure in these fields threatens to outstrip potential revenue.

Peak Year for British Plastics

Output of plastic materials in the United Kingdom reached 320 thousand tons in 1955, an increase of 46,000 tons over 1954 and more than double that of five years ago. Although all sections of the industry shared in the expansion, it was particularly evident in thermoplastics materials.

Exports of plastics materials, excluding finished components and parts, amounted to 85,000 tons last year valued at £23 million. This was an increase of 11,000 tons, worth £2·25 million, over 1954. The volume was nearly 20 times the 1938 level and more than four times the 1947 figure. Australia was the best market, followed by South Africa, Denmark, Sweden and the Netherlands.

HONG KONG

Upturn in trade, first in three years, marked 1955; share of Mainland China in this trade decreased, but entrepôt business flourished. Raw materials for, and sales of finished products from, Colony's growing industries featured exchanges with Canada during the year.

T. R. G. FLETCHER,
Trade Commissioner, Hong Kong.

HONG KONG'S TRADE IN 1955 showed a heartening improvement over 1954—the first upturn in three years. Business was steady throughout the year and speculation absent. Competition kept margins down and, in fact, the market has seldom been keener. Though direct trade with China decreased once again, the Colony's entrepôt trade increased and Hong Kong's industries strengthened their position.

In comparison with 1951 the pace of business was still slow and trade values still down. Much idle capital lay about, withdrawn from import/export where it no longer brought a satisfactory return. A portion of these funds gravitated to speculation on the stock exchange, which had a record year, and more went into the construction industry which was still booming.

But notwithstanding these uses of large sums of potential trading capital, the total value of Hong Kong's trade in 1955 surpassed that of 1954. At HK$6,253 million it was up 7 per cent over 1954. Imports totalled HK$3,719 million (HK$3,435 million in 1954) and exports HK$2,534 million (HK$2,417 million). Trade *volumes* increased by 14 per cent, with the total cargo movement at 5,896,367 long tons in 1955 (compared with 5,176,256 in 1954).

Trade with China Decreases

Though trade with China was still greater than the Colony's trade with any other single country, the aggregate value diminished for the third successive year, both directly and relatively. In 1955 it totalled HK$1,079 million, 17·3 per cent of Hong Kong's total commerce with all markets. In 1954, the comparable figure was HK$1,083 million (18 per cent); in 1953, HK$1,397 million—21·2 per cent.

This steady diminution which began with the imposition of the United Nations' embargo in 1951 seems to be continuing chiefly because of fundamental, perhaps permanent, changes in China's trade policies. Among these changes are a marked trend toward more trade with the Soviet bloc than with the West; the enforcing of strict austerity in imports, with minimum purchases of consumer goods; an emphasis on increasing exports to earn foreign exchange, and direct purchasing from overseas sources, bypassing Hong Kong more and more.

During 1955 Hong Kong exported to mainland China goods worth only HK$182 million, compared with HK$391 million in 1954 and HK$540 million in 1953. The leading commodities going to China were synthetic fertilizers; dyeing, tanning and colouring materials; industrial and pharmaceutical chemicals; substances for use in making Chinese-type medicine, and selected textile products such as linen fabrics and gunny bags. Hong Kong's purchases from China, largely staple produce and exports of China's light industry, increased in 1955 to a value of HK$898 million, compared with HK$692 million in 1954. But this marked increase did not counterbalance China's reduced buying from Hong Kong.

As usual, over 50 per cent of total imports into Hong Kong from China consisted of foodstuffs—in particular, live animals, fruits and vegetables, fish, cereals and cereal preparations, and egg products, largely for use in Hong Kong. Of the remainder, the following commodity groups were important: textile (cotton yarns and piece goods, silks, linen embroideries); inedible animal and vegetable crude materials (bristles, feathers, seagrass, bamboo cane, cassia, raw materials for Chinese-type medicines); vegetable oils (peanut, wood and teaseed); paper and paper manufactures (newsprint, paper and paperboard); and miscellaneous manufactured items (including books, umbrellas, buttons, pens and pencils, etc.).

This decline in Hong Kong's trade with China was, however, more than counterbalanced by the improvement in the Colony's entrepôt trade. The value of commerce with all Asia, other than China, in 1955 reached HK$2,594 million or 41·5 per cent of Hong Kong's aggregate trade—a definite increase compared

with the HK$2,313 million, or 39·6 per cent, of the year before.

Admittedly there were some weak spots. Total trade with Taiwan, Indonesia and Pakistan was down by HK$49 million, HK$37 million, and HK$24 million respectively. In the case of the first two, this drop resulted from stricter import controls in those countries, in the case of Pakistan because Hong Kong bought smaller quantities of textile fibres and sold fewer cotton yarns and piece goods.

Almost everywhere else, trade increased. Most marked improvement was with Thailand (up HK$104 million) and Japan (up HK$93 million), but gross trade with Indo-China, Malaya, India, and South Korea was individually higher by HK$81 million, HK$34 million, HK$31 million, and HK$22 million in the order named.

There were obvious reasons for the overall advance. Hong Kong was becoming more and more active as an entrepôt for the products of Japan and China, each of which was stressing exports. Moreover, in large measure the Colony's merchants were convinced that the old order of trade with the mainland had gone forever and consequently were concentrating on other markets. Again, Hong Kong was a convenient centre for the buying carried on by Indo-China and South Korea with American aid. Finally, the products of the Colony's industries were gaining more and more ground in adjacent markets and the resultant exports gave a fillip to the transhipment and entrepôt business.

Light Industry Becomes Important

There is no doubt that light industry has consolidated its position in Hong Kong and brought a welcome stability to the economy. The value of recorded exports of local manufactures in 1955 was HK$730 million, or 29 per cent of all export trade. Last year the comparable figures were HK$682 million, 28·2 per cent.

The primary cotton textile industry, with its shipments of cotton piece goods and cotton yarns, was beyond question the leader in selling Hong Kong manufactures abroad, but other goods exported in significant quantities included locally-made footwear, cotton and nylon shirts, cotton singlets, enamelware for household use, flashlights, preserved fruits, towels, metal lanterns, and flashlight batteries. In each case, export values reached over HK$10 million in 1955.

Today it is the requirements and the products of these local industries which are beginning to dominate the trade between Hong Kong and Canada. Though gross trade between the two countries is comparatively small —at HK$75·1 million in 1955 it was again less than 2 per cent of the Colony's total trade with all countries combined—it is not unimportant.

Most of Canada's staple exports to Hong Kong are destined for use as raw materials in the local factories —for example, wheat in the grain, wheat gluten, raw plastics, aluminum ingot, brass strip, lumber, etc. Of the goods bought by Canada from Hong Kong, more than half by value were local manufactures—chiefly rubber-soled footwear, flashlights, woollen or cotton knitted gloves, foodstuffs attractive to the Chinese palate, firecrackers, etc. It is evident that local import-export merchants are taking more interest in Canada as a potential outlet for domestic products than as a possible source of supply.

Other important Canadian exports to Hong Kong included wheat flour, ginseng, vitamins, newsprint, passenger motorcars, ciné film, and fountain pens. In addition to the products of Hong Kong industry, Canada imported significant quantities of undressed fur skins, peanuts, feathers and down, cassia, napery, all of which originated in the China mainland.

Pattern of Trade with Canada

In actual fact, though total trade in 1955 at HK$75·1 million seemed relatively unchanged from the 1954 record of HK$75·5 million, the figures conceal some important differences between the two years.

Our 1955 exports to Hong Kong totalling HK$46·2 million were down sharply from the HK$55·1 million of the preceding year, largely because of smaller sales of wheat flour resulting from the increasing output from the Colony's own mill; newsprint, because of short supply and unexpected competition from mainland China; aircraft parts, because the consumer in Hong Kong was not so busy with the Indo-China fighting over; in the case of ginseng, pharmaceuticals, raw plastics, and fountain pens, because of increased competition or changes in demand from outport markets.

On the other hand, Canadian imports from Hong Kong rose from HK$20·4 million in 1954 to HK$28·9 million in 1955, primarily because of larger purchases of the Colony's own manufactures. Rubber footwear purchases were up HK$4·75 million, knitted gloves HK$800 thousand, and flashlights HK$500 thousand.

These trends will probably continue. Hong Kong is a very keen market and Canadian products will have to meet stiff competition to make sales; on the other hand, the Canadian market seems to be growing more and more interested in what Hong Kong can offer from its domestic factories.

For the next six months Hong Kong's overall trade prospects appear promising. This statement does not apply specifically to trade between Canada and Hong Kong because, in addition to presuming that the trends mentioned above will continue, it appears certain the short supply of aluminum ingot, and the similar newsprint shortage will affect sales to Hong Kong.●

AUSTRALIA

Import restrictions imposed in October expected to result in smaller imports from April on. Pattern of purchases from Canada affected but demand for raw materials for growing Australian industries continues to be strong.

J. C. BRITTON, *Commercial Counsellor, Sydney.*

THE OUTLOOK FOR BUSINESS IN AUSTRALIA for the remainder of 1956 is a good one. The country has enjoyed record prosperity over the past few years; the standard of living has advanced, wages have risen and imports have reached a record. Prosperity has, in fact, created trading problems and related difficulties. It is the remedial measures introduced to combat the country's balance-of-payments and other economic problems that have brought about import restrictions. Yet despite the intensification of import controls last October, imports were still running above exports in January.

Canada, with other countries, has shared in the import boom in the form of increased sales to Australia although the range of commodities purchased is much narrower than prewar. There are indications of a slight readjustment in certain industries, where production is falling and the labour shortage is less acute than throughout 1955. A readjustment appears inevitable as competition, particularly in consumer goods, becomes keener. The productive capacity of Australia has reached record proportions and the levelling-off process is not expected to disrupt overall production or employment. The steady rise in the cost of living has brought demands for wage increases in a number of industries. The strike of waterside workers for higher wages in January and February was the most serious of the strikes because it checked Australia's vital foreign trade.

Restrictions Limit Dollar Purchases

The import restrictions have not been completely effective because monthly import totals are still running above the planned monthly objective of £A55 million. The most recent cut introduced from October 1, 1955, is not yet reflected in the trade returns but is expected to bring about smaller monthly imports from April onwards.

Interested Canadian exporters should note that import permits are not, as a general rule, issued for products available domestically or from soft currency sources of supply. This policy rules out the sale in Australia of a wide range of consumer and manufactured goods previously shipped from Canada and other countries in the dollar area. There is no indication of an early relaxation in current import restrictions nor are they likely to be eased appreciably until the present trading deficit is corrected. The officials administering import controls are prepared to consider special cases for import licences and Canadian exporters should not hesitate to enlist the assistance of the Department of Trade and Commerce or the Trade Commissioners in securing them, particularly for products with price or other advantages.

Products under Global Quota

Last October the Australian Government placed eleven commodities under open import licence. The commodities now subject to global quota include newsprint, asbestos fibre, hog casings, nickel, tobacco leaf, titanium dioxide, sulphur, paper pulp, cotton, copper and aluminum. This action was taken simultaneously with the announcement of further import restrictions, designed to effect an overall reduction in imports. The step represents a change in Australia's import control policy because importers are permitted to purchase the products, within prescribed limits, from any source, regardless of currency area. Global quotas are established quarterly in the same way as quotas for other imports from the dollar area. Canadian exporters are now on an equal basis with those in other currency areas in competing for the available business in Australia in the products under global quota. It is probable that other essential items will be added to the list as circumstances permit.

Dollar Imports—Special Cases

The objective of the recent import restrictions is to reduce the overall volume of imports rather than to discriminate between dollar and non-dollar sources of supply. Dollar expenditures for imports are currently at about a minimum and any further reductions could affect output in some industries. Despite the tight position on imports from dollar sources of supply, in certain instances import licences may be issued for purchases from dollar countries even where there is no quota for priority items. Import of selected commodities with an export potential from both dollar and

non-dollar sources would likewise be considered. The present import restrictions are meticulously applied but Canadian exporters are advised to keep continuously informed of the position to make sure that they are not missing market opportunities.

Growing Market Potential

The pattern of Canada's exports to Australia has changed primarily as a result of import restrictions and the growth of secondary industries there. Nevertheless Australia continues to be an important market for Canadian products and ranked among the first ten Canadian export markets in 1955. Our exports of lumber, newsprint, asbestos fibre, special steels, automotive vehicles and parts, chemical raw materials, aluminum ingots, copper ingots, synthetic rubber, tobacco and hog casings to Australia have reached a substantial volume. The demand for these and other raw materials for the country's expanding industries is expected to increase. Long-range prospects appear favourable for the sale of chemical raw materials, capital goods, petroleum products, and components for Australian industries. The Canadian products now entering the Australian market do so on the basis of both quality and price and the list should increase in the future as Australian consumer demand intensifies. Any easing in the present import restrictions would create market opportunities for a selected list of manufactured products and goods such as canned salmon, which has an enviable reputation with Australian consumers. The potential of the Australian market is the important consideration since the economy is capable of substantial additional expansion.

Export Drive Under Way

The intensified Australian export drive launched last year is gaining momentum and limited but tangible results have already been achieved. The objective is to increase Australia's exports of processed and manufactured goods to supplement income derived from sales abroad of her primary products. The Government has enlisted the support of private industry and farmers' representatives in its campaign. At the government level, it has strengthened the Australian Trade Commissioners' Service and in 1955 authorized the expenditure of over $500 thousand for trade promotion of Australian agricultural products in the United Kingdom. The Department of Trade has been actively canvassing the country in an effort to make manufacturers and primary producers export conscious. The key to the problem as far as exports of secondary industry is concerned is increased efficiency and higher productivity to bring prices into line with competition. A Trade Mission has already visited New Zealand and missions to other countries are contemplated. An engineering group has been formed to promote increased exports of engineering products; a manufacturing Export Council has been set up, and a liaison officer appointed.

Trade Deficit Continues

Despite these efforts, Australia had another visible trade deficit of £8·4 million in January. Preliminary figures for the month place exports at £A55·8 million —a sharp decrease from £A73·4 million for December. January imports, meanwhile, were valued at £A64·2 million, an increase from £A63·3 million in December. The waterfront strike which began on January 23 and ran for four weeks is blamed for the shrinkage in export trade but it did not affect imports to the same degree. Total import trade for the first seven months of the fiscal year 1955-56 is reported at £A477·7 million, compared with exports totalling £A445·1 million. The trade deficit for the seven months stood at £A32·6 million, down from £A41 million for the corresponding period of the previous financial year. The figures do not include expenditure on invisible items in Australia's overseas account— such as ocean freight, insurance dividends, and remittances. These items accounted for a deficit of £A87 million for the first six months of the current financial year.

Expanding Commercial Relations

Commercial relations between Australia and Canada are capable of considerable expansion. The extent of the trade between the two countries, though important, is percentagewise small, considering the total annual volume of foreign trade each country transacts. More Australian businessmen are visiting Canada and the success of the $15 million loan obtained by the Australian Government in Canada through commercial channels last year had an extremely favourable reaction in both countries. The long-range economic picture for Australia is encouraging. The country is a competitive producer of primary agricultural products and, given increased efficiency and productivity, can become competitive in the industrial field.

Tea from Nyasaland

For the first time tea is to be grown in the Northern Province of Nyasaland. While tea is the region's major export, hitherto it has come from the southern section. Pioneer of the project is the London and Blantyre Company Limited, a large chain organization in Nyasaland which has bought 3,200 acres at Chombe with the intention of starting a 500-acre tea estate, complete with factory. A full survey and investigation was made last year and land clearance in preparation for nurseries will start this year. The company is a wholly-owned subsidiary of two London firms which have large agricultural interests in the West Indies.

NEW ZEALAND

Relaxation of certain exchange restrictions on imports helped Canadian sales to New Zealand last year. Growing strength of local industry is changing import pattern; this and other developments may affect our exports to this country in coming months.

LESTER S. GLASS,
Commercial Counsellor, Wellington.

THE YEAR 1955 promises to be one of the best, if not the best, year since the war for Canadian exports to New Zealand. During the first nine months, New Zealand bought goods from Canada to the value of £5·436 million, or about $15·3 million. This exceeds any full year since 1944 with the exception of 1947, 1948 and 1951. This increase resulted first from the continued buoyancy of the New Zealand export market and the attendant high purchasing power of the public, and second from steps taken during the year to ease the incidence of exchange and import controls.

Trading Restrictions Eased

As from January 1, 1955, exchange restrictions were removed from all goods not under direct import control. This move was of particular benefit to the sterling area, but Canadian exports were also aided by the release from import control of the products covered by some 90 items and sub-items of the customs tariff which were included in the 1955 Import Licensing Schedule. This meant that items which in the New Zealand schedule are termed "EE" could be imported without restriction from any source. This list was further enhanced by the transfer to "EE" category of a further 60 items in the 1956 Import Licensing Schedule which became operative at the end of July 1955. Naturally not every item so transferred benefited Canadian trade because a number of them—for example, plate and sheet glass, tropical wares, etc.—are not Canadian exports. However, Canadian trade did benefit considerably in the case of valves, wrought iron pipes and tubes, canned salmon, various abrasives, rubber belting, certain agricultural machinery, synthetic fibre yarns, lumber, cellulose and similar film, artificers' tools, metals, and many chemical products.

Another important underlying factor in the improvement of Canadian exports to New Zealand is that more generous consideration was given, particularly in the latter part of 1954 and the first six months of 1955, to applications to import goods which before had been virtually prohibited. The New Zealand authorities recognized the soundness of permitting the importer to buy in the best market and, to a reasonable extent, dollar permits were granted for goods which could be purchased more advantageously from the dollar than from the sterling area.

Industrialization Increasing

New Zealand has operated under import and exchange controls of varying severity since 1936, when her overseas reserves almost disappeared. During those twenty years, the economic picture has changed greatly. The barriers set up against imports encouraged the substitution of something produced locally for the imported article. Where, for example, New Zealand once depended largely on Canada for washing machines and electric stoves, she is now able to turn out almost enough to satisfy local demand. The fact is that during this period, and more particularly after the outbreak of World War II, New Zealand moved from a purely agricultural state to one quite extensively industrialized. Statistics of industrial production in New Zealand give some idea of the change. The number of establishments increased from 6,002 in 1939 to 8,377 in 1954 and the number of people employed in industry during this period rose by 53,000. The value of industrial output went up from £106 million to £495 million.

Problem of Protection

This increase in industrialization under the protection of import controls and restrictions has brought with it an extremely complicated problem. The greatest impetus to industrialization came during the war years when, in addition to restrictions in New Zealand, overseas shortage of supplies and transportation difficulties created what was almost a famine, particularly in consumer goods, in New Zealand. Here is an example of what happened. Before the war two of the largest shirt manufacturers of North America enjoyed very large

sales in New Zealand. When war broke out imports ceased and their local agents eventually made arrangements to have their shirts made in New Zealand under licence. Now these two wartime industries are thriving in New Zealand as are hundreds of others, but under the present tariff structure (which was devised before these industries appeared) it is questionable whether they would survive if import restrictions were removed. The problem is therefore to determine which of these industries are economically sound and whether they require or should be given a greater degree of protection than the present customs tariff provides. Until this is resolved, a hard core of commodities will remain under import control.

Some 280 items make up this hard core and the Board of Trade has been given the task of investigating and recommending to the Government such steps as, in its opinion, should be taken. To date actual hearings by the Board of Trade number 65 but action has only been taken in approximately 15 cases. In five, no change in the customs tariff was recommended and in the remainder there were varying increases. Action of this nature does not automatically carry with it exemption from import control, nor does the subsequent freeing from control necessarily mean that imports will be permitted from the dollar area. It is felt that some considerable time must elapse before complete decontrol can be achieved.

Outlook for Canadian Exports

The outlook for Canadian exports to New Zealand in 1956 is somewhat obscure but it is highly probable that there will be a falling-off. In the first place, last year there were extraordinary imports of motor cars and diesel locomotives which will not be repeated in 1956. To meet the need for American-type cars—which are more adaptable to conditions in New Zealand than European cars—a very generous quota of about £1·6 million was established. During the latter months of 1954, exports of cars and trucks from Canada to New Zealand were valued at $974 thousand. For the first eight months of 1955, the total value of these exports to New Zealand was $1,788,000 which will probably be considerably increased by the end of the year. For 1956 the quota has been reduced by one-third.

Canada will also lose the greater part of the trade in newsprint of approximately $2 million a year, because of the coming into production of the Tasman Pulp and Paper Company's mill at Kawerau late in 1955. It is expected that, when it is operating at capacity, this mill will supply 75 per cent of New Zealand's newsprint needs and have a surplus for export to Australia and possibly South East Asia. Canadian lumber shipments may also be affected by the growing use in New Zealand of lumber made from locally grown soft woods, particularly the pinus radiata.

Controlling Inflation

Another factor which will influence adversely imports from Canada are the steps which have been taken and may be taken by the New Zealand Government to eliminate the persistent inflation which has been a feature of New Zealand's economy for some time past. The fundamental cause of this inflationary pressure appears to be the high purchasing power in the hands of the public. This creates an excessive demand for goods which, in turn, tends to bring pressure on industry to expand to meet it. At the same time, it encourages importers to bring in more and more goods from abroad to fill the gap between local production and demand and also to supply the market with goods which are not locally produced. The increased imports have had a very undesirable effect on New Zealand's balance of payments and the year ending December 31st showed a deficit of £26·5 million. Of this, £14·7 million was with the dollar area—a marked increase over 1954, when the dollar deficit was £7·8 million.

A feature of the New Zealand economy is the extent to which bank loans or overdrafts are used to finance transactions of every class. Finance for a great part

In the Kaingaroa forest, a Canadian logger uses a chain saw to "buck" logs. New Zealand is building up a pulp and paper and a lumber industry based upon locally grown softwoods.

of the exports and imports and even working capital for industry and commerce comes from bank overdrafts. Instalment plan buying has also become significant; it has been estimated that some 17½ per cent of all retail sales are made on this basis. To control this too easy credit, the Government in the latter part of 1955 progressively instituted what is today commonly termed the "credit squeeze". The statutory deposits which the trading banks are obliged to maintain with the Reserve Bank of New Zealand were gradually increased until at the present time they constitute 26 per cent of the demand liabilities and 7½ per cent of the long-term liabilities.

Fiscal Measures Introduced

Moreover, the trading banks have been instructed by the Reserve Bank to take positive steps to reduce overdrafts. Instalment purchasing has also been tightened up by an increase in minimum down payments and limitation of terms. A more recent move will make money dearer by permitting the banks greater leeway in the interest rates charged on loans. Hitherto the banks have charged a maximum of 5 per cent on overdrafts and a minimum of 4 per cent but the overall average should not exceed 4¾ per cent. Now the average has been increased to 5 per cent. At the same time the interest paid by the banks on fixed deposits has been raised by one-half of one per cent.

Effect on Imports

As far as the importer is concerned, the effect of these measures will be to decrease the amount of financing available to him for the import of goods from abroad. It will also restrain retailers from carrying heavy inventories and will slow down industrial expansion. All of these developments must have repercussions on foreign trade. Of more direct importance to Canadian exports, however, will be the tightening up of licences for the import of dollar goods. New Zealand's balance of payments deteriorated seriously in 1955 and while the "credit squeeze" will have a salutary effect on import trade in general, more specific restrictions are being applied to dollar imports without, however, reimposing any controls which have been relinquished. During 1954 and part of 1955 the policy was, broadly speaking, to grant import licences for the dollar area where definite price advantage or other significant factors favoured such imports. In 1956, however, less generous treatment should be expected and essentiality as well as price will be a vital consideration.

The year 1956 promises a continuance of the high degree of prosperity which New Zealand enjoyed in 1955. Export commodity prices have been well maintained and output continues at a high level. ●

JAMAICA

Plentiful crops of sugar cane, bananas and citrus, expansion of bauxite mining, and excellent tourist receipts featured year 1955. Purchases from Canada rose ten per cent; sales to Canada, mainly alumina and sugar, also increased.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

JAMAICA'S PIVOT INDUSTRIES—agriculture, bauxite mining and tourism—flourished during 1955, bringing a measure of relief to the chronic widespread unemployment that plagues the island. As employment picked up the tempo of retail sales quickened and by year's-end, merchants in Kingston, the capital and principal city, reported a 10 per cent rise in turnover compared with 1954.

Agricultural Record Good

Sugar cane, the island's major crop, yielded a record 368,850 tons of sugar and, paradoxically, some problems. The cane's high sucrose content offset acreage cutbacks on the larger estates but the bumper crop increased Jamaica's sugar surplus—already 55,000 tons—to an estimated 100 thousand tons when the 1956 crop is harvested. Under the Commonwealth Sugar Agreement, Jamaica is limited to a 270 thousand-ton annual export of sugar. The current surplus, in money terms, will tie up between £2 million and £3 million which the industry can ill afford. Realizing the urgent need to cut production, the Government has reluctantly passed legislation to reduce cane acreage on the larger estates by 12½ per cent.

Banana exports to the United Kingdom fell short of the 12 million stems exported in 1954 by three-quarters of a million stems. The drop was blamed on failure of the Lacatan variety to bear as heavily as expected, but most plantation owners felt the more rigid selection of export fruit was also a factor.

Jamaica's budding citrus industry was cheered by an agreement with Great Britain that assures West Indian citrus of an outlet in the United Kingdom for the next three years at guaranteed minimum prices ranging from 6s. 6d. (90 cents) per box in the first year to 5s. 6d. (76 cents) in the third year. The 1955 crop filled 991,153 boxes, an improvement of over 6,000 boxes on the previous crop. New Zealand purchased three-quarters of the pack and the United Kingdom the rest.

Approval was recently given for the Government to make available to the Citrus Growers' Association a total of £153,700 in long-term loans for a fertilizer program spread over six years to ensure maximum returns. The area under citrus cultivation at present is estimated at 21,700 acres; over 10,000 acres consist of young trees planted since 1950.

All in all, 1955 was a good year for Jamaican agriculture. Sugar cane farmers received four shillings (56 cents) more per ton for their product because of its higher sucrose content. Banana prices hit record highs in the London market during the summer months and pimento (allspice) and ginger gave good returns to the growers. Of course Jamaican coffee did not escape the decline in world coffee prices. Even at the lower levels now prevailing, however, farmers are planting additional seedlings in an effort to boost exports from the 4·8 million pounds shipped in 1954 to 15 million pounds a year.

Tourist Traffic Earns Dollars

The tourist industry has become as important to Jamaicans as bananas. During the year an increasing number of visitors came to the island and by year's-end over 122 thousand had spent close to £6 million in local hotels and free port shops. This is the same amount as the banana farmers realized on their exports to Great Britain, the major difference being that the farmers received sterling and most tourist expenditures were in dollars. Realizing the importance of this dollar-earner, the Tourist Board increased its promotion efforts by opening offices in Miami and Toronto. The Government has encouraged the expansion of existing hotels and the erection of new ones through special tax concessions to the industry.

Bauxite Mining Important

One hundred million dollars of United States and Canadian capital has been invested in Jamaica's bauxite industry. The island's deposits have little or no overburden and can be dug with mechanical equipment without being blasted. Rather than ship the raw ore all the way to British Columbia, the Canadian company's Jamaican subsidiary erected an alumina plant near its mine just outside of Mandeville. At the plant three tons of bauxite are used to produce one ton of alumina.

Through the investment of an additional £10 millio the Canadian firm hopes to boost alumina productio from 600 to 1,350 tons per day. The continued expan sion of this important industry augurs well for th future of the island, for it provides much neede employment and additional revenue for th Government.

Industrial Development Proceeding

In recent years the Jamaican Government has encou aged the development of new industries by tax con cessions and duty-free admission of capital equipmen To protect infant industries which are springing up the Government has restricted or prohibited impo of articles similar to those manufactured here. At th present time, import of the following commodities hav been affected by this policy:

Soap	Leather, sole
Cement	Rayon knitted fabrics
Shoes	Canned milk
Clothing	Cocoa powder
Cotton textiles	Embroidered goods

During the latter part of 1955 a firm started manu facturing paper grocery bags and, instead of restrictin imports, the Government raised the duty on paper bag from 15 per cent ad valorem to 30 per cent. Thi method of protection will probably be used in th future.

Trade with Canada Increases

Protective measures have forced some Canadian manu facturers out of the Jamaican market, but trad between the two countries has benefited from improve ments in the island's agriculture and industry. By th end of the year $12·9 million worth of Canadian good had been imported into Jamaica—10 per cent mor than in 1954. Flour and salt cod accounted for ove a third of the total, with pickled fish, automobile structural steel, newsprint, pickled pork, shingles an cotton hosiery making up most of the remainde Jamaican exports to Canada also rose during 1955 paced by alumina and sugar. By the end of the firs eleven months, £6,535,087 ($18,298,243) worth o goods had been shipped to Canada, assuring the islan of a favourable balance of trade.

Exchange Controls

Existing Jamaican exchange controls permit the impor of the following commodities from dollar countrie without restriction:

Newsprint	Canned fish
Kraft paper	Split peas
Fish	Meats
Onions	Books & periodicals
Cheese	Lumber & wood products
Powdered milk	Printers blocks & matrice

Canadian exporters of many other manufactured products can make shipments to Jamaica under the B.W.I. Trade Liberalization Plan which is administered by the Department of Trade and Commerce in Ottawa. Under the Plan a portion of the island's annual dollar allotment is allocated to Canadian exporters. A much larger portion of the Colony's dollars is controlled, however, by the Trade Administrator who provides local merchants with hard currency allocations and issues special import licences for dollar goods essential to the island's economy. Canadian exporters can obtain a share of this additional business by offering goods that are comparable in quality and price with those obtainable from other dollar countries.

Federation Moves Closer

In February of this year a Conference was held in London to finalize plans for the Federation of the British West Indian Islands. The Jamaican delegation, headed by Chief Minister Norman Manley, pressed for constitutional changes and increased financial aid. Mr. Manley's seven points were:

1. To add to the exclusive list for legislation by the Federal Government a clause to make it possible for overall central planning to be undertaken on the direction of the Federal Government and to allow for the institution of an advisory and consultative service.

2. Provision of a new method of revising the Federal constitution.

3. United Kingdom's financial assistance to Federation to be reconsidered.

4. Removal of all official members from the Federal Council of State.

5. Appointment of Senators to the Council of State to be made on the recommendation of the Federal Prime Minister.

6. Reconsider the reserve powers of the Governor-General with a view to some reduction.

7. Restore the provision of the report of the British Caribbean Standing Closer Association Committee with regard to the position of members of Parliaments of unit Governments in the Federal Legislature.

Mr. Manley won his seven points, but many West Indians were disappointed that the site of the Federation capital was not decided upon and that customs union would be worked out within the next five years instead of at the outset. Until customs union is agreed upon, the effect of Federation on economics and trade in the West Indies will not be very great.●

BAHAMAS

Canadians wishing to step up sales of quality products in this area should visit Nassau and offer their goods directly to merchants there stocking for tourist trade.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

BUSINESS BOOMED in Nassau during 1955 as increasing numbers of Canadian and American tourists arrived to bask on the white sandy beaches and fish in iridescent blue waters. On the uptrend since 1949, tourist traffic increased by 20 per cent over last year as a record 132,464 persons visited the 700 islands that make up the colony.

Catering to vacationers is the primary industry of the 84,000 islanders. As the Chamber of Commerce puts it, "The principal business of the Bahamas is tourism and the principal commodity an unrivalled climate". The influx of tourists makes the Colony a much more important market than its population would indicate.

In 1954 Bahamian merchants imported $11¼ million worth of goods from Canada and the United States and in the first eleven months of 1955 brought in $12 million more. Wholesale merchants in Miami, 91 miles away, obtained 90 per cent of this business. Canadian exporters could undoubtedly challenge their hold on the market by calling on Bahamian merchants as the Floridans do. Although wholesalers in Miami enjoy lower freight rates, this advantage is offset by the preferential tariff treatment given to Canadian goods.

Market for Luxury Goods

Canadian manufacturers of high-quality merchandise should offer their wares to the specialty shops in Nassau that stock luxury products such as French perfume, fine china, jewellery, cashmere sweaters, men's hosiery, sandals and beachwear for sale to tourists. Visitors patronizing these shops are looking for bargains and unless tariff differentials make it

possible for them to effect a saving of 20 to 30 per cent, they are not interested. As a leading Nassau merchant observed, "The tourists look upon our shops as glorified discount houses and will only buy products that are much less expensive than in their own country."

Free Port Planned

The building of a free port in one of the northern Bahamian islands opens up business opportunities for Canadian manufacturers of harbour equipment. In September the Government leased 50,000 acres of land in Grand Bahama Island to an American group on the understanding that it would build a port there within the next two years. Dredging operations for the new harbour are now under way and there is talk of establishing a £20-million shipyard within the free port the Americans plan to establish there. It is too early to judge the effect which such a trade centre will have on the economy of the Bahamas but the project should interest Canadian manufacturers of dock cranes and wharf equipment.

Pattern of Trade

Trade figures for 1955 are not yet available but the following summary of the colony's imports and exports for 1954 indicates the pattern of trade:

Principal Imports 1954	*Value in £ sterling*	*Principal exports 1954*	*Value in £ sterling*
Ale and beer	139,255	Crawfish	163,743
Boots and shoes	133,272	Salt	144,073
Cement	115,957	Tomatoes, fresh	86,950
Electrical apparatus	203,489	Lumber & pit props	928,000
Flour	236,670		
Furniture	279,185	Total exports	1,328,859
Lumber	125,959		
Canned meat	124,744		
Machinery	399,508		
Milk, canned	151,348		
Motor cars & trucks	269,113		
Provisions	367,949		
Whisky	113,069		
Total imports	£9,404,183		

The adverse balance in visible trade is offset by tourist expenditures, investments, and remittances by Bahamian agricultural labourers working in the United States. The dollars derived from these sources provided more exchange than was needed to cover the $11 million worth of American and $2½ million worth of Canadian goods imported in 1955.

Import Controls

At the present time the Bahamian authorities permit the import of the following commodities from all countries without restriction:

Newsprint	Powdered milk
Kraft paper	Canned milk
Fish	Split peas
Onions	Meats
Cheese	Animal feedingstuffs
Potatoes	Lumber and wood products

Canadian manufacturers of products not mentioned above can ship to the Bahamas under the B.W.I. Trade Liberalization Plan which allocates a small portion of the colony's available dollars to Canadian exporters. Application for an allocation should be made to the Department of Trade and Commerce in Ottawa. The bulk of Bahamian dollar expenditures, however, is controlled by the Director of Supplies in Nassau who issues import licences to local firms wishing to bring in dollar goods. The surest, quickest method for Canadian manufacturers to expand their sales in the Bahamas is to offer their goods directly to the merchants there and persuade them to use their dollars for those goods.

Pyrethrum from British East Africa

PRODUCTION OF PYRETHRUM in East Africa for the twelve-month period ending June 30, 1956, is estimated at 3,500 tons worth $3·4 million, an increase of 800 tons over the previous 12 months. Kenya is the principal producer in the British East African territories, with about 90 per cent of the total.

Pyrethrum, which comes from a flower, is widely used in the manufacture of insecticides. Most of the East African production is exported, with the United States the best customer. Pyrethrum is becoming increasingly popular there because of its non-harmful effects when used to protect food against insects.

Kenya's exports of pyrethrum in 1954 totalled £334,272 and went to: the United Kingdom, £644; Australia, £30,318; India, £8,280; Nyasaland, £32; South Africa, £33,780; Argentina, £73,778; Indonesia, £3,168; Thailand, £2,850, and the United States, £181,422. A number of Canadian importers have shown some interest in pyrethrum in the past two years but so far no orders have been placed.

A notable feature of the pyrethrum industry is the increasing contribution of the African farmers which the Government of Kenya is encouraging and assisting. Their production has risen steadily from 72 tons in 1952 to 207 tons in 1955, and by 1958 it is expected to reach 500 tons.

BRITISH HONDURAS

Disastrous hurricane visited colony in 1955 and drought affected livestock and crops. Rehabilitation work well under way. Import of certain Canadian products unrestricted and British preference gives Canadian suppliers an advantage.

HOWARD E. CAMPBELL,
Trade Commissioner, Kingston.

A CAPRICIOUS AND PERVERSE NATURE buffeted the economy of British Honduras from peak to valley in 1955 as its people sustained the force of Hurricane Janet, and experienced drought, flood and fire. In its hour-long attack on the northern tip of the Colony last October, Hurricane Janet flattened the town of Corozal, leaving over $3 million* worth of damage in its wake.

Ironically enough, the disastrous hurricane gave a much needed fillip to business in the Colony. Britain donated $2 million for rehabilitation of the devastated area and loaned its people an additional $800 thousand. Local authorities raised $800 thousand for relief and Canada sent $7,353 worth of flour to allay the food shortage caused by the catastrophe. In the calm after the storm there was rehabilitation work for the unemployed and money to pay them with. The money eventually crossed the counters of merchants in Belize, capital and major city, and the whole business tempo of the Colony picked up.

Other whims of the weather, however, helped no one. A serious drought in April and May killed off livestock and crops. The parched grass lands of the coastal plains caught fire and this fire caused widespread damage to pine forests that are an important source of income for the Colony. The drought was broken in mid-June by such heavy rainfall that many agricultural lands were flooded. Corn and rice harvests were reduced by 25 per cent.

Diversifying the Economy

The health of the British Honduras economy depends on production and export of mahogany, pitchpine lumber, chicle, grapefruit segments, and fish. The export of mahogany has been the Colony's main industry for nearly two centuries. With the help of Colonial Development and Welfare funds, roads are being built into remote corners of the Colony to tap the few remaining virgin stands of mahogany. In recent years pitchpine has risen to second place in export value. To protect and regenerate this source of national income, pine seedlings are being planted on just under 1,000 acres of land each year. This should eventually increase the stands available for cutting and the income from lumber exports.

During the past seven years the Colonial Development Corporation has spent £1 million in an effort to diversify and build up the economy of British Honduras, but the results have been disappointing. The £260 thousand Fort George Hotel in Belize has not attracted the tourists for whom the Corporation built it. Schemes the Corporation launched to raise cattle, bananas, cocoa and ramie have not worked out. On the other hand, the citrus groves planted by the C.D.C. at Stann Creek, 32 miles south of Belize, bore their first crop this year and from all accounts it was a good one.

Another experiment in the Colony which, if successful, would provide a new source of income, is oil well drilling, started last June by the British Honduras Gulf Oil Company Limited in the abandoned inland village of Yalbac. To date, the firm has issued no reports on its findings.

Customers and Suppliers

British Honduras trade statistics for 1955 are not yet available, but the 1954 figures, summarized below, indicate the pattern of the Colony's trade.

Of the total exports mentioned below, $2·6 million worth went to the United Kingdom, $1·4 million to the United States, and $143,524 to Canada. On the import side $4 million worth of goods came from the United Kingdom, $3·8 million from the United States, and $494,075 from Canada. The adverse balance of trade with dollar countries totalled over $2½ million

* All figures used are in British Honduras dollars, which are worth 68 cents Canadian.

and presumably the additional hard currency needed to cover imports from the United States and Canada was obtained from the dollar pool in London.

PRINCIPAL EXPORTS	*Value in B.H.$*
Mahogany	1,306,244
Pine lumber (rough)	928,795
Pine lumber (dressed)	529,496
Chicle	883,475
Grapefruit segments	552,212
Grapefruit juice	273,888
Mahogany logs	253,494
Total exports	7,287,826

PRINCIPAL IMPORTS	*Value in B.H.$*
Flour	605,150
Motor spirits	551,090
Condensed milk	440,743
Cotton fabrics	390,915
Diesel oil	310,957
Lard compounds	269,166
Motor trucks	254,363
Total imports	11,409,568

Trading Conditions

Canadian exporters looking for new markets abroad should be able to find one in this Central American colony. Although United States products have the advantage of a 10-day steamship service between New Orleans and Belize, Canadian products can enter British Honduras at tariffs ranging from 5 to 10 per cent below those levied on American goods. This tariff preference should more than offset the extra cost of transhipping Canadian goods in Jamaica or routing them to Belize through New York.

Existing British Honduras exchange controls permit the import of the following commodities from dollar countries without restriction:

Newsprint	Powdered milk
Kraft paper	Canned milk
Fish	Split peas
Onions	Meats
Cheese	Animal feedingstuffs
Potatoes	Lumber & wood products

Canadian exporters looking for new markets abroad can ship to British Honduras under the B.W.I. Trade Liberalization Plan which is administered by the Department of Trade and Commerce in Ottawa. Under this plan, a portion of the Colony's annual dollar allotment is allocated to Canadian exporters. A much larger portion is controlled, however, by the Financial Secretary, who issues import licences to local firms wishing to bring in essential dollar goods. Canadian exporters should therefore advise their agents in Belize to keep in close touch with merchants wishing to bring in goods from hard currency areas, because the Financial Secretary may agree to make the necessary dollars available. ●

BRITISH EASTERN CARIBBEAN

Present Canadian sales to this area total about $20 million a year, despite restrictions on dollar imports. Efforts to develop new industries and promote tourist traffic should mean higher standards of living and increased trade. Canada's position as supplier a strong one and will improve when restrictions are relaxed.

D. B. LAUGHTON,
Trade Commissioner, Port-of-Spain.

THE BRITISH EASTERN CARIBBEAN comprises ten principal islands stretching 800 miles northwest from the Guianas of South America, and marking the eastern end of the Caribbean Sea. For convenience, this region is often considered in three parts: Trinidad and Tobago, Barbados, and the Leeward and Windward Island groups. The population totals 1·4 million and the land area 3,400 square miles—approximately one-eighth the size of New Brunswick. The economy is primarily agricultural and for centuries this area has been noted for the export of sugar, citrus, coffee, cocoa and rum. The total value of all exports from the area in 1954 was B.W.I.$333 million*, or approximately $200 million Canadian. The average purchasing power and hence the standard of living is generally

* One B.W.I. dollar is worth approx. 60 cents Canadian.

ow by North American standards but is gradually mproving; the outlook in 1956 is for further progress.

Outlook Improving

During the next few years, contracts with the United Kingdom guarantee a steady market at a fixed price for the greater part of the sugar, citrus and banana output. Industrial development is being encouraged by loans or tax concessions and various new industries have been started. The potentialities of the tourist trade are being realized and every island is planning to increase its overseas publicity campaign. Transportation services are improving and the problem of providing first class accommodation for visitors is being tackled. The combined result of these developments should be a more active and progressive economy.

West Indian Federation

At a meeting just concluded in London, the leaders of all the island territories in the British Caribbean have agreed to join in a federation which, it is hoped, will lead eventually to complete political and economic freedom and acceptance as a Dominion within the British Commonwealth. A draft of the constitution is being prepared and the first federal election will take place early in 1958.

An integrated trade policy and a customs union were considered essential and a Commission on Trade and Tariffs will be formed at once to study the fiscal, economic and technical problems involved. This means that immediate tariff changes on an area basis are unlikely for at least two years and there should be an opportunity for interested parties to plead their cases. The thorny problem of the location of the federal capital was also deferred but will soon be investigated by a non-partisan commission.

Continuance of Dollar Controls Likely

There is little likelihood of a change in 1956 from the present policy of having the United Kingdom Treasury allocate to each island a fixed sum from the sterling-dollar pool. These dollars are principally for essential items which cannot be readily obtained from soft currency areas, but are also used to finance the British West Indies Trade Liberalization Plan which governs the import of non-essential goods from Canada and the United States.

No important items have been added to the list of articles which can be freely imported during 1956—that is, items on the World Open General Licence list. Nor has there been an increase in the fixed sums set aside for the British West Indies Trade Liberalization Plan. On the other hand, the Exchange Controller in Trinidad released over US$1·2 million in 1955 to finance imports, from any area, of articles which would promote the tourist trade. A similar release is being made for 1956 and it is hoped that the other territories will follow this example.

Some Don'ts for Exporters to the B.W.I.

- *Don't expect just one agent to be capable of giving you good representation throughout the area. Some can, but most are small firms concentrating on their own island.*

- *Don't look for a strong market for luxury items unless their unit value is small. The average income in the British West Indies is still low by Canadian standards.*

- *Don't neglect the personal touch—the most remote British Caribbean island is no farther from Montreal than is Vancouver. Your local agent doesn't think it's too far for an occasional visit. Do you?*

- *Don't relax your sales efforts—the currency restrictions won't last forever and there are three million people in the British West Indian islands to buy Canadian merchandise.*

- *Don't expect a small importer in a small Caribbean island to have the facilities to convert your f.a.s. price to c.i.f. Do it for him and earn his goodwill!*

Trade Opportunities Limited

There continues to be a widespread demand among agents in the British Eastern Caribbean to represent Canadian manufacturers of consumer goods. Unfortunately, there is little current opportunity to take advantage of this situation, as the dollars released to finance such imports are already completely allocated among Canadian exporters who developed the market before the currency restrictions were imposed. There are exceptions, however, and as allocations for redundant or out-priced lines are returned to the pool, new firms can be considered.

Canadian merchandise continues to enjoy a reputation for style and quality and has a slight tariff advantage over competing United States goods because of British preference. There is little doubt that our sales to the British Eastern Caribbean, now totalling approximately

$20 million Canadian per year, could be expanded if the market were freed of currency restrictions.

TRINIDAD

THE TOTAL VALUE OF EXPORTS from Trinidad and nearby Tobago appears to have increased by at least 15 per cent and will probably result in a favourable 1955 trade balance in visible items of B.W.I.$25 million. Estimates based on data for the first nine months indicate that exports reached B.W.I.$300 million, of which petroleum and sugar accounted for 75 per cent and 10 per cent respectively. Unfortunately, most of the increase was with the sterling area and the trading account with the United States and Canada will show a combined deficit of some B.W.I.$20 million.

The United Kingdom continues to supply about 35 per cent of Trinidad's imports by shipping a wide range of consumer and capital goods. Crude oil imports from Venezuela amount to 25 per cent of total imports but increase the through-put, and hence the earnings, of Trinidad's refineries. Canada was the third largest supplier during 1955, with shipments having a landed value of B.W.I.$25 million, representing 10 per cent of the island's total imports. The United States, in fourth place, supplied almost 10 per cent of imports.

Purchases from Canada

Canada exports a great variety of products to Trinidad but primary products are by far the most important. Flour shipments alone had a value of more than $4·2 million Canadian in 1954; exports of tobacco, codfish, lumber, newsprint and barytes were each valued at several hundred thousand dollars. This type of merchandise can be imported freely from any country and price, quality or delivery determines the sale. This is true of most manufactured articles and Canadian exports are restricted by the small amounts of dollars released annually from the United Kingdom dollar pool. If this artificial limitation could be overcome, it is likely that exports of many goods could be substantially increased.

Among the products with the best apparent opportunity would be household electrical appliances, garden and porch furniture, household plastic articles, children's and ladies' ready-to-wear, low-priced textiles, costume jewellery and novelties, and canned fruits or vegetables.

The Trinidad market is competitive and price-conscious, with European exporters leading the sales drive. The bright modern styling of Canadian merchandise, coupled with good deliveries and the British tariff preference, gives Canada some advantage but constant attention to sales is still necessary to maintain the volume. The economy of Trinidad has a 25-million barrel-per-year petroleum industry as a base for progress and the long-term market possibilities should not be discounted in spite of present currency problems.

BARBADOS

TINY BARBADOS is the most densely populated island in the British Eastern Caribbean, with some 225 thousand persons living on its 166 square miles. The country depends almost entirely upon sugar and its by-products and in visible items tends to have an annual trading deficit amounting to B.W.I.$5 million to $10 million per year. This is probably offset by tourist trade earnings which are increasing rapidly as word of the good beaches and breezy tropical climate reaches farther afield.

In 1954 sugar accounted for B.W.I.$34·5 million of total Barbados exports, worth B.W.I.$40·1 million. The three principal products were refined sugar with an export value of more than B.W.I.$28 million, molasses worth $4 million, and rum at $2 million. The Barbados portion of the United Kingdom-British West Indies sugar contract totals 132 thousand tons a year and production averages 165 thousand tons. Canada is relied upon to take most of the remainder except that retained for domestic consumption. Canada is also a major market for fancy molasses and annual purchases are reaching 3·5 million imperial gallons. The advent of bulk-handling practices in the Canada-Barbados molasses trade has lowered the landed price and is largely responsible for the sales increase.

Other Industries Lacking

Barbados has little industry in addition to sugar and few natural resources except a pool of low-priced labour. The search for oil continues and a fourth deep-test well was put down during the year. Again the results were discouraging although there is a possibility of proving commercial quantities of natural gas in one strata of the latest 12,000-foot drill-hole.

The fishing industry, with government aid, has expanded to over 500 vessels but only one company is today processing the catch. A trial shipment of frozen flying fish fillets was recently sent to Trinidad and others are pending.

Tourist Industry Expanding

Preliminary figures indicate that some 13,300 tourists visited Barbados for several days or more during 1955. Twenty-four cruise ships, together with other vessels, brought a further 38,000 persons ashore for a shorter period. Every effort is being made to expand this

In a Barbados plant a young native is canning flying fish, caught offshore, in oil or tomato sauce. This is a new industry—part of a government attempt to find new sources of income for the colony in addition to sugar.

dollar-earning industry and the builders of hotels or tourist apartments now qualify for special government loans. Funds have also been allocated for the first stage of the new deep-water harbour which, among other things, will eliminate the trip by small boat from cruise ship to shore. Air transportation facilities are much improved, with British, Canadian, Dutch and French lines providing weekly scheduled flights. Trans-Canada Air Lines now offers twice weekly tourist flights alternatively from Montreal or Toronto to Bermuda, Barbados and on to Port-of-Spain.

Canada Exports Primary Products

Canada's exports to Barbados continue to follow the traditional pattern and few changes can be expected in 1956. The principal commodities shipped from Canada are flour, lumber, pickled pork and beef, codfish and animal feeds; in 1954 these were valued at $3 million Canadian, or 65 per cent of total Canadian shipments to Barbados. Small amounts of a wide variety of foodstuffs and consumer merchandise made up the remaining $1·5 million. When further dollars are available, this category of exports can readily be increased, but at present all the hard currency released for goods from Canada is being used and only rarely can a new firm obtain a dollar allocation.

THE LEEWARD AND WINDWARD ISLANDS

THE LEEWARD GROUP OF ISLANDS consists of Antigua, St. Kitts (including Nevis and Anguilla), Montserrat and the British Virgin Islands. The Windward group comprises Grenada, St. Vincent, St. Lucia and Dominica. The economy of the area is entirely agricultural and based on the production of small quantities of a variety of tropical crops such as bananas, cocoa, copra, sea island cotton, sugar, grapefruit, limes, mace and nutmeg. Agricultural production costs are high as the industry has been slow to mechanize, both because of a shortage of capital and a lack of alternative employment for the host of hand workers who would be released. The population is rising at the rate of 2 per cent a year and seems to be absorbing all the increased production, with the result that the standard of living remains quite low.

The area as a whole and most of the island components operate their government services with a deficit which is met by the United Kingdom and amounts to B.W.I.$6 million per year. The business community lives within its budget, however, and there has been no marked expansion of credit.

The stabilizing effect of the United Kingdom-British West Indies citrus, sugar and banana contracts, and the availability of loan funds to promote business projects under the Colonial Development and Welfare Act, forecast some increase in economic activity during 1956. More determined efforts are being made to swell the meagre income from the tourist industry and this should not prove too difficult.

Canada's export trade with the eight island territories of the Leeward and Windward groups is almost entirely agricultural. Exports in 1954 were valued at $3·9 million Canadian, of which over 80 per cent was primary produce, and 50 per cent accounted for by flour shipments alone. There is a latent demand for a host of other Canadian goods but little possibility of a large increase in sales. Among the limiting factors are the continuing dollar shortage, the small per capita purchasing power, and the lack of industrial development.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Belgium, Belgian Congo, Bolivia, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland, United States and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Import Controls on Dollar Goods in the Sterling Area

UNITED KINGDOM

IMPORTS into the United Kingdom from the dollar area are controlled by a licensing system which classifies products into three categories:

- *World Open General Licence*—Products which have been placed on World Open General Licence may be imported from any country without restriction. Major commodities of interest to Canada at present in this category include aluminum, nickel, platinum, iron ore, various ferro-alloys, scrap metal and asbestos.

- *Open Individual Licence*—Products in this category may be imported freely by traders to whom these licences have been granted. Principal items of interest to Canada admissible on O.I.L.'s (which permit imports from any source) include softwood, lead, copper, zinc, wheat, wheat flour, coarse grains, oilseeds and their products, and dried peas.

- *Individual Licence*—For products not included in either of the above categories, the importer must obtain a separate licence for each transaction. Important Canadian products for which individual licences are required include newsprint, wood pulp, tobacco, apples, cheese, and canned salmon. As a part of this individual licensing system a Token Import Scheme is in effect. Under this, various traditional Canadian exports to the United Kingdom, mainly consumer goods, are assured of licences up to a specified percentage of each Canadian supplier's average annual exports to the United Kingdom in 1936, 1937 and 1938.

In 1954, when Canadian exports to the United Kingdom totalled $653 million, some $74 million consisted of W.O.G.L. items and some $352 million of O.I.L. items—a total of $426 million of Canadian exports on which control was only nominal. Preliminary figures for 1955 suggest that the amount of trade under nominal control that year was greater, largely because of the transfer of aluminum to W.O.G.L. In addition, a few products which are subject to individual licensing are admitted without discrimination as to source. These are, notably, newsprint and wood pulp, imports of which amounted to about $63 million in 1954. The remainder of Canadian exports is composed of goods subject to individual import licensing which, except in rare cases, is more restrictive in its application to dollar sources than to other areas.

Government purchasing of bacon will revert to private trade on October 1, 1956.

UNION OF SOUTH AFRICA

IMPORTS into South Africa from all sources, with the exception of a relatively few products, are subject to import licensing, but licences are granted without discrimination as to currency sources. South Africa's policy for 1956 is to permit imports up to roughly the same value as in 1955.

Manufacturers have been assured that they will be able to obtain sufficient supplies of raw materials either through imports or locally. The preliminary quota for raw materials, consumable stores and maintenance spares has been set at 90 per cent of the total value of permits issued in 1955.

A more liberal policy is being followed in permitting imports of steel mill products and timber. In 1956, all registered importers of these commodities will be allowed to place orders abroad without restriction, provided the goods are for their own stocks. The liberal licensing policy for industrial machinery which was previously established is being continued this year. The preliminary quota for consumer goods for 1956 has been set at 33⅓ per cent of 1948 imports—i.e., on the same basis as last year. It is expected that a supplementary additional quota will be issued.

Special licensing arrangements were established some time ago to encourage imports of products in short supply in South Africa. These arrangements are being continued in 1956 and a few products have been added to the list of goods eligible for this treatment. Import permits for these products are being issued at the rate of £2 for each £1 of an importer's quota for general merchandise which he surrenders.

The list of products imports of which have been specially restricted will remain substantially unaltered but some liberalization was introduced for 1956. Importers with 1948 performance are now being permitted, within specified limits, to convert their general merchandise permits on a £1 for £1 basis into

special permits for the import of most of the goods on the restricted list.

Imports of certain textile piece goods and a few other commodities will continue to be freely permitted in 1956.

In view of the demand for motor vehicles, particularly passenger cars, quotas for these goods will be maintained.

AUSTRALIA

IMPORTS FROM ALL COUNTRIES into Australia continue to be under control. Australia encountered increased balance-of-payments difficulties in 1955 and as a result soft currency import restrictions were intensified effective April 1 and both soft and hard currency restrictions were further intensified effective October 1.

At the time of the October stiffening of import restrictions, Australia placed eleven commodities under global quota. This means that Australian importers are now free to purchase these products up to a prescribed limit from any source, regardless of currency area. This is the first time that Australia has formally introduced non-discrimination into its control system. The products are: newsprint, paper pulp, asbestos fibre, nickel, copper, aluminum, tobacco leaf, hog casings, titanium oxide, sulphur and cotton.

Imports of goods (other than those under global quota) from Canada and other dollar countries are subject to individual licensing. Australia's policy is that import permits are not, as a general rule, issued for products available domestically or from soft currency sources. However, officials administering import controls are prepared to consider applications for licensing of individual products from the dollar area, especially where permitting such imports would mean price or other advantages.

The principal commodities exported from Canada to Australia in 1955 were lumber, newsprint, passenger automobiles and parts, special steels, drugs and chemicals, wood pulp, polystyrene, sausage casings, canned salmon, calculating machines and parts, copper rods, strips and sheets, soda and sodium compounds, and farm implements.

NEW ZEALAND

DURING 1955 New Zealand made further progress towards the elimination of discriminatory import controls. In July of last year, 41 items were added to the list of goods for which licences were no longer required for imports from any source. This relaxation brought the world exemption list up to 150 items. Among the new products freed from import restrictions which are of interest to Canadian exporters are: felt hat hoods, synthetic fibres and yarns, surgeons' gloves, fruit wraps, typewriters, certain agricultural machinery, tractors, abrasive wheels, various metal products, dry paints and colours, office machinery, leaf tobacco, sausage casings and aluminum transmission cable.

A few other items are permitted import from dollar countries up to specified values. These products may be imported freely from soft currency countries. Among them are: barbed wire fencing, linoleum, paper hangings, wooden handles for tools, certain service parts for motor vehicles, fishing tackle, towelling and textile piece goods.

All other dollar goods are subject to import licensing on an individual basis. New Zealand's 1955 policy towards this latter group of products was to grant licences for dollar goods where definite advantage could be shown in price, quality, design or delivery dates. In 1956, it is understood, additional factors will be taken into account when applications to import are being considered, including the essentiality of the goods.

FEDERATION OF RHODESIA AND NYASALAND

DURING 1955 the Federation made considerable progress towards trade liberalization. This program has been continued into 1956. For the first half of the year, provision was made for further substantial relaxations of restrictions on dollar imports. Effective January 1956, approximately 500 additional items were removed from import restrictions. These products may now be imported freely from the dollar area. Among the goods recently liberalized which are of interest to Canada are outboard motors under 20 h.p., and rubber footwear.

Quotas have also been established which permit imports from the dollar area up to prescribed ceilings. Effective January 1956, the quotas for imports of wheat and motor vehicles were increased and a new quota was established for piece goods.

INDIA

GOODS IMPORTED INTO INDIA from Canada and other dollar countries are either admitted freely under Open General Licence or are subject to individual import permits, some of which are issued on a quota basis.

The goods admitted under Open General Licence include ferro-chrome, zinc, nickel, copper, other specified non-ferrous metals, parts for diesel engines, elec-

trical generators, special pumps, various drugs and medicines, some paper products, certain types of refractories, X-ray films, special types of photographic apparatus, specified chemicals, wood pulp, wood and timber of all kinds, certain agricultural implements, electrical instruments, optical instruments and laboratory ware.

Among the products for which individual permits may be granted for dollar imports are: specified iron and steel products; aluminum; metalworking and woodworking machinery; hand tools, precision tools; outboard motors; other types of pumps; other specified machinery; typewriters, and a wide variety of other products.

PAKISTAN

ALL COMMERCIAL IMPORTS into Pakistan are subject to an individual licence, irrespective of the country of origin.

Among the products of interest to Canada which may be imported are: iron and steel, non-ferrous metals; ferro-alloys; tools and workshop equipment; ammunition; machinery; motor vehicles and parts; radio and wireless apparatus; drugs and chemicals; synthetic resins; hardware; newsprint and other paper products, and milk products.

Licences are issued on a cost and freight basis in Pakistan; the insurance must be placed with an insurance company registered in Pakistan.

CEYLON

IMPORTS FROM CANADA and other dollar countries into Ceylon are separated into two general categories: first, goods which are admitted under Open General Licence and second, commodities which are subject to an individual import licence.

Imports under Open General Licence include: milk products, wood and timber, optical lenses, specified iron and steel products, aluminum, lead, tin, zinc, implements and tools, instruments, apparatus and appliances, machinery, drugs, medicines and chemicals, newsprint and other paper, motor vehicles and many other products.

Among the goods subject to an individual import licence are: cereal foods, fresh fruits, vegetables, preserved or tinned, iron and steel manufactures, clocks and watches and parts, wireless goods and apparatus, textiles and stationery, and manufactures of paper and cardboard.

FEDERATION OF MALAYA AND SINGAPORE

ALL IMPORTS FROM THE DOLLAR AREA into Malaya and Singapore are subject to an individual import licence, and licences are generally issued only for those products which are listed in the official Import and Export Guide. For the purpose of licensing, imports from Canada and other dollar countries are separated into three categories: goods licensed freely, goods licensed on the merits of each case, and goods subject to special conditions.

Goods which are licensed freely include: fresh apples, hand tools, incandescent lamp mantles, linoleum, padlocks and other locks, canned fish and fish products, pressure lamps, rolled oats and wheat flour.

Among the goods licensed on the merits of the individual application are: roller bearings, earthmoving and excavating equipment, internal combustion engines, machinery and pumps, timber and engineers' tools.

Goods permitted import under special conditions include: books, magazines, periodicals and other publications, cotton duck, cinematograph films, powdered milk, motor cars and spare parts, newsprint and crawler tractors.

HONG KONG

ALL IMPORTS from the dollar area, including Canada, into Hong Kong are admitted under Open General Licence, except celluloid film scrap, diamonds, silver and sugar. These products require an individual import licence irrespective of the country of origin.

BRITISH WEST INDIES

THE LICENSING SYSTEM for dollar imports in the British West Indies falls into three parts: products under World Open General Licence which may be imported freely from all sources, products under the British West Indies Trade Liberalization Plan, and products subject to individual licence.

Products under World Open General Licence of interest to Canada include onions, potatoes, split peas, fish, except fresh or frozen, meat, cheese, kraft paper, powdered milk, canned milk, animal feedingstuffs and lumber.

The British West Indies Trade Liberalization Plan is designed to maintain a market for traditional Canadian exports to these colonies. Canadian exporters of products listed under the Plan are entitled to apply for allocations of dollars on the basis of their exports to the area in the years 1946-48. Such allocations

are used only for the purpose of obtaining an import licence and do not guarantee orders. Provision is made periodically for the granting of special allocations under certain circumstances.

Imports of products other than those under World Open General Licence or the British West Indies Trade Liberalization Plan are subject to individual licensing. Jamaica has made a special provision in 1956 to permit additional imports of consumer goods from the dollar area.

OTHER BRITISH DEPENDENCIES

NEARLY ALL PRODUCTS are subject to individual import licences when imported from dollar countries. The general licensing criterion is that dollar goods must be essential and unavailable in non-dollar areas.

Further information about import controls in the sterling area may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. ●

trade and tariff regulations

Brazil

NET AND LEGAL WEIGHT—The Foreign Trade Bureau in Brazil has recently drawn the attention of importers of goods packed in small containers ready for retail sale, such as pharmaceutical preparations, beverages, oil, olives and canned goods, to the desirability of showing both net weight and legal weight on their import licences.

Canadian exporters of these products will be interested in the definition of these two terms so as to avoid discrepancies in the weights shown in commercial and consular invoices, and in the import licence. The Foreign Trade Bureau defines the two weights as follows:

● *Legal Weight*—the weight of the merchandise with all its internal wrappings, including cartons, ropes, bottles, tins, paper and other packing, with the exception of rough wooden cases, straw packs and sawdust used as filling, or zinc or iron plate used for lining the external wrapping. For example, in the case of olive oil in tins, the weight of both the oil and the tins is taken into consideration for the application of the legal weight.

● *Net Weight*—the weight of the merchandise, excluding all wrappings, containers, covers or immediate internal or external packing. For example, in the case of olive oil in tins, the net weight is that of the oil without the tin and the wooden case—Rio de Janeiro, March 1.

British Guiana

DOLLARS ALLOCATED FOR DRUGS AND CHEMICALS—The Controller of Supplies and Prices in Georgetown advises that BWI$275,000 (approximately Canadian $165,000) has been allocated for imports of drugs and chemicals and dental and optical supplies from Canada and the United States during 1956. These allocations will be restricted to a special list of importers and are customarily issued only against proven orders. The following distribution by products is proposed:

	From Canada (c.i.f. values in B.W.I. dollars worth approximately Canadian 60 cents)	From United States
Drugs and chemicals	25,000	75,000
Patent and proprietary medicines	100,000	40,000
Dental and optical appliances	5,000	30,000

—Port-of-Spain, March 5.

Iraq

ARABIC LABELS REQUIRED FOR PHARMACEUTICAL PRODUCTS—In *Foreign Trade* of May 28, 1955, readers were notified of a new regulation stipulating that pharmaceutical products imported into Iraq for local consumption must carry all descriptive material, instructions, etc., in Arabic, in addition to English or other language being used on them. The time limit for complying with this regulation has been extended to April 20, 1956—Beirut, March 5.

Ireland

SPECIAL IMPORT LEVY—A special import levy in the form of a Customs duty has been imposed by the Minister of Finance for the Republic of Ireland

on certain articles. The levy is payable on such goods imported from March 4, 1956, and is in addition to any other duties which may already be chargeable on the goods. There is no provision for import under licence without payment of levy or at a reduced rate of levy.

Certain goods and component parts thereof are charged with special levy at the rate of 37½ per cent ad valorem (full rate) and 25 per cent ad valorem (preferential rate—United Kingdom and Canada). Among the goods in this category are:

Washing machines and refrigerators for domestic use; musical instruments and accessories thereof; clocks, watches, watch straps and watch bracelets; new articles of personal clothing or wearing apparel, excluding knitted woollen garments, etc.; toys and sports goods; fountain pens, pencils and jewellery; soups; fruit and vegetable juices; fur skins.

The special levy on assembled and unassembled passenger motor vehicles is 15 per cent. There is no preferential rate.

Newspapers and periodicals imported in bulk are now liable to an additional duty of 1d. per copy (full rate), or ¾d. per copy (preferential rate).
On newsprint and other printing paper, the levy is 5 per cent ad valorem. There is no preferential rate.
On tinned fruits in syrup, the effect of the levy is to double the import duty.

Trinidad

RATES OF DUTY ON MANUFACTURES OF COTTON REVISED—A resolution which was passed on December 7, 1955, and which will continue in force until December 31, 1957, amends the rates of import duty on manufactures of cotton from 7½ per cent ad valorem and 15 per cent ad valorem under the British Preferential and General tariff rates, respectively, to the following rates:

	British Preferential Tariff	General Tariff
Cotton fabrics, grey (unbleached) when the value for duty purposes does not exceed 24 cents per sq. yd.	7½ per cent ad val. plus 12 cents per sq. yd.	15 per cent ad val. plus 12 cents per sq. yd.
when the value for duty purposes exceeds 24 cents per sq. yd.	7½ per cent ad val.	15 per cent ad val.
Cotton fabrics other than grey (bleached, dyed, mercerised, printed or otherwise finished)—		
Cotton fabrics, white, bleached, when the value for duty purposes does not exceed 28 cents per sq. yd.	7½ per cent ad val. plus 12 cents per sq. yd.	15 per cent ad val. plus 12 cents per sq. yd.
Cotton fabrics, white, bleached, when the value for duty purposes exceeds 28 cents per sq. yd.	7½ per cent ad val.	15 per cent ad val.
Cotton fabrics, printed, when the value for duty purposes does not exceed 36 cents per sq. yd.	7½ per cent ad val. plus 12 cents per sq. yd.	15 per cent ad val. plus 12 cents per sq. yd.
Cotton fabrics, printed, when the value for duty purposes exceeds 36 cents per sq. yd.	7½ per cent ad val.	15 per cent ad val.
Cotton fabrics, dyed in the piece and coloured, when the value for duty purposes does not exceed 28 cents per sq. yd.	7½ per cent ad val. plus 12 cents per sq. yd.	15 per cent ad val. plus 12 cents per sq. yd.
Cotton fabrics, dyed in the piece and coloured, when the value for duty purposes exceeds 28 cents per sq. yd.	7½ per cent ad val.	15 per cent ad val.
Cotton fabrics, woven with threads of different colours.	7½ per cent ad val.	15 per cent ad val.
Other cotton fabrics	7½ per cent ad val.	15 per cent ad val.
Tulle, lace and lace fabrics (including net and netting) of cotton	7½ per cent ad val.	15 per cent ad val.
Other manufactures of cotton	7½ per cent ad val.	15 per cent ad val.

United Kingdom

ARRANGEMENTS WITH DENMARK ON BACON—The United Kingdom on February 27 issued a White Paper announcing the results of discussions with Denmark on arrangements to be made at the expiry on September 30, 1956, of the present long-term contract for the purchase of Danish bacon.

The background for these discussions was the British decision to cease the government bulk purchase of bacon and return imports to private trade on October 1 next, and secondly, to impose as from that date a duty of 10 per cent ad valorem on imports of bacon from foreign countries while continuing duty-free entry of supplies from Commonwealth countries and the Republic of Ireland.

Briefly, the arrangements provide that, if Denmark should so request, consultations will take place with a view to remedying any situation in the British bacon market which might cause substantial injury to Danish producers; joint reviews of market prospects are to be held at least annually. The United

Kingdom also undertakes that the duty on Danish bacon will not be increased above 10 per cent and that it will be suspended if at any future time quantitative restrictions should be imposed on Danish bacon. If such restrictions should involve allocation of quotas to individual foreign countries, consultations are to ensue, Denmark however being assured of an allocation not less than the percentage provided in an agreement of 1933 as subsequently amended, subject to any commitments under the General Agreement on Tariffs and Trade (GATT).

The arrangements, and the earlier agreements, are to remain in force for four years from October 1, 1956, and afterwards can be terminated on six months' notice.

The negotiations between the United Kingdom and Denmark were carried on within the framework of the GATT, which was concluded in 1947 and contained a special provision enabling the United Kingdom to replace the existing quantitative quota preference accorded to Commonwealth bacon by a tariff preference. The trade in bacon has been traditionally of much importance to Canadian producers, and Canadian Government representatives in London and Copenhagen have followed closely the course of the negotiations. The United Kingdom Government also sought the views of the Canadian Government at various stages of the discussions.

United States

TARIFF INVESTIGATION INTO IMPORTS OF WOMEN'S COTTON BLOUSES—The United States Tariff Commission has announced that an investigation was instituted on February 21, 1956, under section 7 of the Trade Agreements Extension Act, to determine whether women's and girls' blouses or shirts of cotton are, as a result of the tariff concession granted under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

A public hearing has been ordered by the Tariff Commission to begin on August 21, 1956.

West Germany

MANY CUSTOMS DUTIES TEMPORARILY REDUCED—Until June 30, 1956, various imports into West Germany will benefit from temporarily reduced duties, generally amounting to one-half of the normal duties. This measure was officially published in Germany on February 1, although it has been in force since December 10, 1955. The products affected are mainly agricultural machines and other goods needed in agriculture, and industrial and building materials. However, the duties on some other products were also reduced.

Reductions on the following products appear to be of particular interest to Canadian exporters:

Raw cod liver oil; fresh cod, mackerel and shellfish; dried apples, pears, peaches and apricots; fruit pulp for industrial processing; all agricultural machinery; knives and blades for agricultural machines; wheeled tractors weighing up to five metric tons; shovels, hoes and similar tools; wooden tools and tool handles; bulldozers of less than 180 horsepower; hand-operated lawn mowers; nitrogenous, potassic and mixed fertilizers; certain phosphate fertilizers except superphosphates; disinfectants, pesticides, weed killers and fungicides; barbed wire.

Domestic electric stoves and water heaters; non-electric stoves and cookers; hurricane lamps; various chains; padlocks; metal fittings for building purposes; valves and taps for various specified purposes; lithopone; prepared paints and varnishes; planed and grooved wood; barrels, barrel staves and barrel wood; wooden pickets and staves; parquet flooring; doors; window frames; building board of paper pulp, of paperboard or of vegetable fibres other than wood fibre; panels and boards of agglomerated wood fibre; wallpaper; linoleum and similar floor covering; roofing material, tiles and pipes of asbestos cement and fibre cement; certain iron and steel pipes.

Detailed information regarding duties on individual items may be obtained from the International Trade Relations Branch of the Department.

Tours of Territory

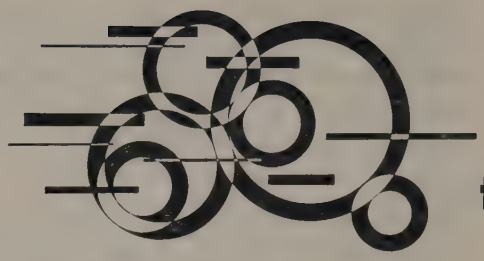
W. D. WALLACE, Commercial Secretary in Djakarta, Indonesia, will visit Surabaja in East Java, April 9, 10 and 11, and Makassar in the Celebes on April 13 and 14.

L. S. GLASS, Commercial Counsellor in Wellington, New Zealand, will make a five-day business visit to Auckland, from May 30 to June 4.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible.

Trade Commissioner on Tour

J. C. DEPOCAS, Canadian Trade Commissioner in Guatemala City, Guatemala, completes his Canadian tour in Montreal, March 26-April 13. Businessmen may get in touch with him through the Board of Trade.



transportation notes

Canada

DIRECT SHIPPING SERVICE TO HAITI—Saguenay Terminals will inaugurate a direct service from Port-au-Prince, Haiti, to Montreal this spring. This line will originate at Cristobal, Canal Zone, and will serve the port of Kingston, Jamaica, before calling at Port-au-Prince. Three ships, M.V. *Benny*, M.V. *Sungleam* and S.S. *Sunmoira* will be used on the three-week run; two of them have refrigerated space. The M.V. *Benny* will open the new service, sailing from Cristobal on April 11 and arriving in Montreal on May 2.

Federation of Rhodesia and Nyasaland

NEW AIRPORTS—With an expanding population and economy, the Federation finds it necessary to provide facilities for larger planes and three new airports are now being built. The Kentucky Airport, 12 miles outside Salisbury, will open on July 1. It will be an international airport capable of handling the largest aircraft now flying. Bulawayo, the second city of Southern Rhodesia, and Lusaka, the Northern Rhodesian capital, have also announced plans for new airports. February 3rd was the closing date for tenders for the whole of the projected Bulawayo airport, which is expected to cost $2·2 million; it will be able to service all but the largest aircraft, and is expected to be completed in two years. Final plans have not yet been drawn up for the Lusaka airport, which the Federal Civil Air Authority says is next on the list, but it will probably cost about the same as the Bulawayo project.

Long distances between the main towns and undeveloped rail and road transport services have put the emphasis on air travel in the Federation. The Central African Airways Corporation was formed by government legislation in 1946 to take over all the small independent airlines, and it has enjoyed singular success. From 14 million in 1947-48 the passenger miles flown by this line have grown steadily to 74 million in 1954-55, and operating revenues increased by 30 per cent during the same period—Salisbury, March 14.

Hong Kong

CARGO FIGURES—Shipping statistics released by the Marine Department, Hong Kong, reflect the increased values in trade figures. Total volume of cargo handled in 1955 was 5,896,367 tons, an increase of 14 per cent over the 5,176,256 tons in 1954—Hong Kong, March 5.

India

SHIPPING—India's shipping target is nearly 900 thousand tons by 1960-61, the final year of the second Five-Year plan. With this tonnage, Indian ships will be able to handle the complete coastal trade, plus 50 per cent of the trade with adjacent countries and 15 per cent of the overseas trade. At the end of 1955, Indian tonnage stood at about 480 thousand. The initial provision of Rs.194·5 million made for grants to Indian shipping companies under the first Five-Year Plan was later increased to Rs.263 million and of this Rs.230 million had been committed by the end of 1955. A conference of Indian shipowners is being held at New Delhi to discuss with the Government standardization in the manufacture of ships—New Delhi, March 9.

Indonesia

RAILWAYS—The Ministry of Communications has approved a five-year plan for rehabilitating and modernizing the state railways, which involves spending approximately 240 million rupiahs for reconstruction and the purchase of 30 diesel engines. It is reported that 90 per cent of the locomotives in Indonesia are at least 40 years old, and only 10 per cent of the steam locomotives are in good condition—Djakarta, March 24.

Netherlands

MERCHANT FLEET—The Netherlands merchant fleet increased during 1955 from 1,337 ships totalling 3,375,610 g.r.t. to 1,399 ships of 3,689,111 g.r.t. On January 1, 1940, Holland had 1,153 ships sailing under her flag with a total gross registered tonnage of 2,869,813. Nine steamships were added to the fleet during 1955, increasing the overall steamship tonnage from 1,431,368 to 1,618,822. The number of

motor ships increased by 57 to 1,333, and tonnage rom 1,940,658 to 2,067,167. Other types of ships ecreased by four to 35 and tonnage from 3,584 to ,122. The number of passenger ships remained the ame at 36 with a tonnage of 376,375 g.r.t. The umber of freighters with passenger accommodation ropped from 82 to 77 and tonnage from 456,013 to 47,108. Sixteen freighters of more than 500 g.r.t. vere added to the fleet, which now numbers 345 reighters with a tonnage of 1,651,905, compared vith 1,592,209 at the beginning of 1955. The coaster leet also increased from 772 to 804 ships and from 65,611 to 283,426 g.r.t. The tanker fleet added 19 hips to reach a total of 137 and a tonnage of 930,297. These figures include Netherlands Antilles and Surinam ships but not tugs and contractors' material —The Hague, March 12.

South Africa

NEW SHIPPING SERVICE—A new shipping service s operating between the Union and West Africa on five-week basis. Two ships, each with a gross onnage of about 2,800 tons, will service the run— Cape Town, March 6.

CENTRAL TRAFFIC CONTROL—Successful experiments by the South African Railways with the use of central traffic control on a section of the main ine between Cape Town and Johannesburg have led o a decision to install it on all the main lines in the Union, and eventually on branch lines as well— Cape Town, March 2.

DIESELS FOR RAILWAYS—The South African Railways Administration expects to introduce diesel locomotives into its service shortly. They will be used first on the De Aar-Windhoek-Walvis Bay section of the line to South West Africa and diesel shunting engines will be employed to speed up cargo handling at the port of Cape Town, Port Elizabeth, East London and Durban, and also in marshalling yards throughout the country—Johannesburg, March 6.

AIR SERVICES—Air communications between the Union's international airport at Johannesburg and Continental Europe are well supported. The present services offered by 20 fully-booked scheduled flights of 13 companies, with five or six supplementary non-charter flights weekly, are being stepped up in the coming months. Alitalia will begin operations early this year, with Swissair and the Lufthansa to afford further competition. Central African Airways is expanding its present four-day tourist flight with night stops to include direct service by Super Constellation, and Air France proposes to continue its route south of Nairobi to the Union. Hunting-Clan, which operates a weekly "round Africa" air cargo service, proposes to extend its route to the Union and has filed an application for landing rights into and out of South Africa—Johannesburg, March 2.

RAILWAY EXPANSION—Sixty 2,000 h.p. electric locomotives have been ordered by the South African Railways from a British company to replace older types. The new locomotives are capable of a maximum service speed of 60 m.p.h. and weigh 83 tons—Cape Town, March 6.

United Kingdom

DIRECT SAILINGS FROM SCOTLAND TO CANADA—An Italian shipping company, the Sitmar Line, will operate two direct sailings from Greenock to Quebec and Montreal as an experiment during June this year. The name of the vessel which will undertake both these voyages is the *Castle Felice* (12,149 tons). Although she has 1,200 berths, she is reported to be fully booked for the return voyages. If there are substantial bookings on the western trips, the company will endeavour to arrange a schedule of regular services between the Clyde and Canada in 1957—London, March 16.

United States

SHIPPING SERVICE TO DETROIT—Recent reports indicate that Detroit's 17th overseas shipping line will extend its service to Detroit in April. Manchester Lines Ltd., which experimented with full cargoes from Chicago during 1955, is expected to dock its first ship here before the first of May. This ship, it is anticipated, will be the *Manchester Explorer*, a 2,500-ton vessel small enough to use the present St. Lawrence River canals and one of the three in service last year between United Kingdom ports and Toronto. To expand service on the lakes this year, the line has purchased two new motor ships in Germany. One ship will travel the 3,700-mile route every four weeks, with running time from England to Detroit about 20 days—Detroit, March 19.

West Germany

RAIL TRANSPORT FOR AUTOMOBILES—The German Federal Railways would like to inaugurate an auto baggage service on a trial basis, starting this year. Plans are to include baggage cars with a capacity of six to seven automobiles each on trains running the north-south line between Hamburg and southern Switzerland. This service should appeal to auto vacationers on their way to the south because it will bring them quickly and safely nearer to their chosen holiday region. A similar service, using Belgian auto baggage cars, is planned for the west-east, Ostend-Munich route—Bonn, March 13.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1·00125.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent March 16	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05549	18·02	(1
		Free	·02458	40·68	
Australia	Pound		2·2420	·4460	
Austria	Schilling		·03841	26·03	
Belgium-Luxembourg	Franc		·02002	49·95	
Belgian Congo	Franc		·02002	49·95	
Bolivia	Boliviano	Official	·00526	190·0	
British West Indies	Dollar		·5839	1·713	(2
	Pound		2·8025	·3568	(3
	Dollar	British Honduras	·7006	1·427	
Brazil	Cruzeiro	Effective selling*			
		Category I	·00978	102·26	tax 10% (4
		Category V	·00323	309·50	*March 6
		Official buying	·05441	18·38	(5
Burma	Kyat		·2097	4·769	
Ceylon	Rupee		·2102	4·757	
Chile	Peso	Principal	·00333	300·3	(6
Colombia	Peso	Basic	·3995	2·503	(7
		Free*	·2463	4·060	*March 13
Costa Rica	Colon	Official	·1779	5·621	
		Controlled free	·1504	6·648	
Cuba	Peso		·9988	1·001	tax 2% (4
Czechoslovakia	Koruna		·1387	7·210	
Denmark	Krone		·1446	6·916	
Dominican Republic	Peso		·9988	1·001	
Ecuador	Sucre	Official	·06659	15·02	
		Free	·05698	17·55	
Egypt	Pound	Official	2·8680	·3487	
Fiji	Pound		2·5248	·3961	
Finland	Markka		·00434	230·4	
France	Franc		·00285	349·7	(8
French Africa	Franc		·00571	175·0	(9
French Pacific	Franc		·01570	63·69	(10
Germany	D Mark		·2370	4·219	
Greece	Drachma		·03329	30·04	
Guatemala	Quetzal		·9988	1·001	
Haiti	Gourde		·1998	5·005	
Honduras	Lempira		·4994	2·002	
Hong Kong	Dollar	Free*	·1684	5·940	*March 9
		Official	·1752	5·708	
Iceland	Krona	Official	·06133	16·31	
		Special buying	·04833	20·69	
		Special selling	·03805	26·28	(11
India	Rupee		·2102	4·757	
Indonesia	Rupiah	Basic	·08795	11·37	(12
Iran	Rial	Certificate	·01319	75·84	
Iraq	Dinar		2·7965	·3576	
Ireland	Pound		2·8025	·3568	
Israel	Pound		·5549	1·802	
Italy	Lira		·00160	621·1	
Japan	Yen		·00278	360·1	
Lebanon	Pound	Free	·3097	3·229	
Mexico	Peso		·07990	12·52	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 16	Units per Canadian dollar	Notes (See below)
Netherlands	Guilder		·2608	3·834	
Netherlands Antilles	Guilder		·5255	1·903	
New Zealand	Pound		2·8025	·3568	
Nicaragua	Cordoba	Effective buying	·1513	6·609	
		Official selling	·1417	7·059	
Norway	Krone		·1398	7·153	
Pakistan	Rupee		·2102	4·757	
Panama	Balboa		·9988	1·001	
Paraguay	Guarani	Official	·01665	60·06	(13)
Peru	Sol	Certificate	·05257	19·02	
Philippines	Peso		·4994	2·002	
Portugal	Escudo		·03486	28·69	(14)
El Salvador	Colon		·3995	2·503	
Singapore & Malaya	Straits dollar		·3270	3·058	
South Africa (Union of)	Pound		2·8025	·3563	
Spain & Dependencies	Peseta	Basic buying	·04561	21·93	
		Basic commercial selling	·0608	16·45	(6)
		Free	·02564	39·00	
Sweden	Krona		·1931	5·179	
Switzerland	Franc		·2331	4·290	
Syria	Pound	Free*	·2823	3·542	*Feb. 15
Thailand	Baht	Free	·04392	22·77	(6)
Turkey	Lira		·3567	2·803	
United Kingdom	Pound		2·8025	·3568	
United States	Dollar		·99875	1·001	
Uruguay	Peso	Official	·6575	1·521	tax 6% (4)
		Principal buying	·5841	1·712	(6)
		Principal selling rates	·4755	2·103	
			·4478	2·233	
Venezuela	Bolivar		·2981	3·355	
Yugoslavia	Dinar		·00333	300·3	(6)

* Latest available quotation date.

notes

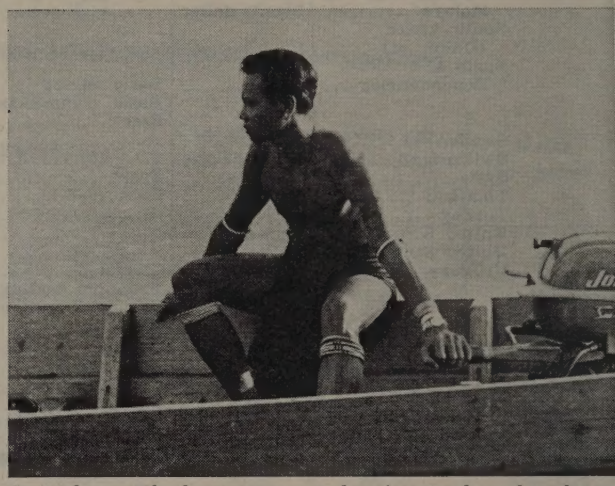
1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Tax affects selling (import) rates only; certain essential imports exempt.
5. Brazil: currency certificates auctioned for five import categories. Effective selling rate is official rate of 18.82 to U.S. dollar plus price of certificate. Tax of 10 per cent applies to official rate (tax is 1.88 cruzeiros per U.S. dollar). Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar, depending on product.
6. Additional rates are in effect.
7. Colombia: stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality. The free rate applies to minor exports and less essential imports.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: special rates apply to minor export products of small fishing boats and designated non-essential imports.
12. Indonesia: basic rate applies to most exports and a few essential imports. Purchase of exchange for other imports is subject to surcharges of 50, 100, 200 or 400 per cent depending on products.
13. Effective March 1st, Paraguay established an official rate of 60 Guaranis to the U.S. dollar, compared with 21 Guaranis before March 1st. The new rate applies to all exports, all government transactions, essential imports, and to certain receipts and transfers. For non-essential imports there will be an additional surcharge of 25 Guaranis per U.S. dollar.
14. Portugal: approximately same rate for Portuguese Territories in Africa.

Canada in Commonwealth Markets

Canadian exporters are invited to contribute this series photographs of their products in use on sale in foreign markets. Photographs shou be adequately captioned, protected for mailin and addressed to: The Editor, "Foreign Trade

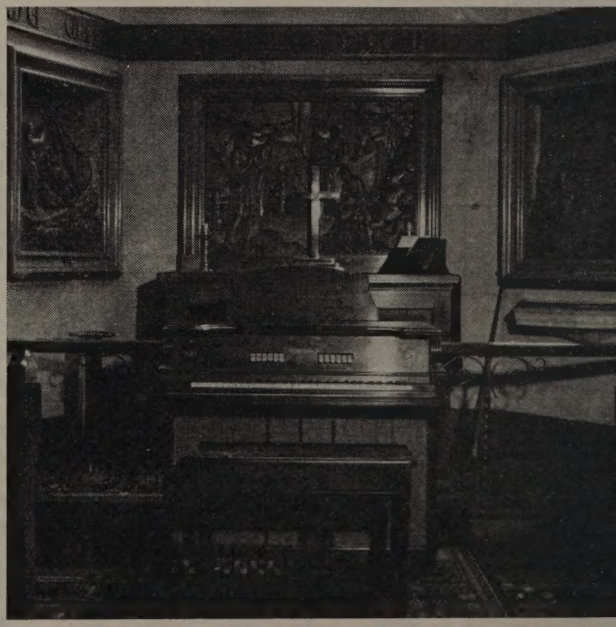
—"Belfast Telegraph"

In Northern Ireland—At Pollock dock in Belfast, these Irish "rivermen" are binding baulks from a cargo of Canadian timber into rafts for their trip to a Belfast timber company.



In Malaya—The boat appears to be of a simple and tradition construction, but this Malayan fisherman has modernized and speeded up his work, with a Canadian outboard moto

In England—Her Majesty the Queen and the Duke of Edinburgh wave goodbye from the door of a Canadian-made aircraft in which they flew to Nigeria on their recent tour.



In New Zealand—The organ in the Chapel of the Flying Ange Mission to Seamen in Auckland was made by a Canadia company which sells its models in foreign markets.

export problems?

who can help abroad?

The Trade Commissioner Service has officers in 54 key marketing areas throughout the world. Canadian Trade Commissioners can help you assess markets, put you in touch with foreign businessmen, and advise you on the appointment of agents.

what will sell?

Officers of the Commodities Branch and the Agriculture and Fisheries Branch are a liaison between Canadian industries and markets abroad. The Commodities Branch maintains an up-to-date Exporters Directory, and can assist exporters in matters of shipping and transportation.

what are the regulations?

The International Trade Relations Branch can give Canadian exporters current information on foreign tariffs, documentation, trade agreements, import licensing, currency and exchange controls, and marking regulations.

what about the risk?

The Export Credits Insurance Corporation insures Canadian exporters against non-payment by foreign buyers, resulting from either the buyer's insolvency or some action of the government of the importing country.

where are the markets?

Reports by Canadian Trade Commissioners on markets abroad, international trade and business conditions are published every two weeks in "Foreign Trade", the magazine of the Department of Trade and Commerce. The subscription price is two dollars a year.

perhaps Trade and Commerce can help you

For additional information or assistance, write to the Department of Trade and Commerce, Ottawa.